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STERLING New York close \$1.8545 (1.8405) \$1.8510 (1.84)

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Tokyo Nikkei Ave 29,758.90 (-291.92) Frenkfurt Commerzbank Comex Feb \$428.1 (428.4)

1,611.9 (-1.9) New York latest \$15.05 (+.40) (Dec)

Brent 15-day (Argus) West Tex Crude \$15.945 (+.30) (Jan)



هكذامن الأحمل **PALESTINIANS**

Intifada becomes a way of life

World News **Business Summary** Six dead as DAF set to **US** military raise \$460m jet sets fire from public to houses flotation

A US military jet plummeted into a residential area of Rem-scheid, West Germany, killing DAF, Dutch commercial vehicles maker, is planning to go public in the first half at least six people and injuring of next year, most probably in May or June, with an inter-national equity offering and more than 40 as dozens of houses were set on fire. The crash, which occurred in fog, a listing on the London and set off a string of explosions triggered by 1,000 rounds of Amsterdam stock exchanges The flotation is expected to ammunition carried by the plane. Page 24 raise \$460m. Page 25

israeli talks resume

Israeli Labour party voted to resume talks with the right-

Arafat plan rejected Israel's leaders united to dis-miss out of hand Yassir Ara-

fat's Stockholm declaration

that the Palestine Liberation Organization recognises the state of Israel and rejects terrorism "in all its forms". Back-ground, Page 24

President François Mitterrand

of France opened a diplomatic offensive into Central Europe with a two-day visit to Czecho-slovakia. Page 2

Mitterrand tour

New storm alert

Bus crash kills 9

Nine people were killed and 21 injured when a bus skidded

off an icy road between Pris-

tina, capital of Kosovo prov-

ince, and Sarajevo, in eastern Yugoslavia.

The longest trial in South Afri-

apartheid activists to up to ...

12 years in prison for treason.

War criminal held

Convicted Dutch war criminal

Jan Olij has been arrested by

Argentine police at his home

escaping from a German jail.

charged with robbing and mur-

dering Danish teacher Pelle Palm at his holiday beach bun-galow near Momhasa last

Gandhi to visit China

Rajiv Gandhi will make the

Indian prime minister for 34

SA street shooting

A white gunman opened fire

walking to a bus stop in Mon-

on a group of black youths

deor, Johannesburg, killing a 15-year-old.

Prague ban lifted

Czechoslovakia's communist

authorities gave the go-shead for the first officially sanc-

tioned demonstration by inde-

pendent groups in 20 years.

Hirohito weakens

Japan's Emperor Hirohito is suffering from convulsions and his heart is weakening,

according to a palace spokes-

\$450m UN debt

MARKETS

Taiwan Weighted Index

9000 8000 7000 5000

The United Nations is owed more than \$450m in back dues,

according to a UN report just published.

years from December 19 to 23.

first visit to China by an

Kenyan charges

Five Kenyans have been

can history ended when the

Pretoria Supreme Court sen-

tenced four prominent anti-

Pretoria verdict

Bangladesh, still picking up

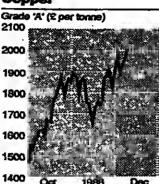
the pieces after a cyclone killed

at least 3,000 people nine days ago, put rescue services on alert after a new storm warn-

COPPER was traded on London Metal Exchange for the first time at more than £2,000 a tonne. Traders said Grade-A copper for immediate delivery reached £2,005 a tonne wing Likud on forming another unity coalition. Page 6

Copper

Grade 'A' (2 per tonne)



before ending the day at £2,004, up £41.5 a tonne on Wednes-day's level and well ahead of the previous record, £1,967.50. Commodities Page 42

AMERICAN Telephone and Telegraph and US Sprint have won contracts potentially worth some \$25bn over the next decade to build and run the US federal government's new private telecommunications system. Page 26

GRAND Metropolitan, food and drinks group, reported a pre-tax profit of £575m (\$1.07km) for the year to September, representing an increase of 26 per cent on the previous year. Page 25

NEW York's commercial and investment banks are set to pick up a minimum of \$680m in fees from the takeover of RJR Nabisco with over \$225m going in the next few month to Drexel Burnham Lambert, powerful Wall Street firm at the centre of a big criminal investigation. Page 25

GRANGES Aluminium, subsidiary of Electrolux of Sweden, acquired the Luxembourg operations of the Pitisburghbased National Aluminum Corporation. Financial details were not disclosed. Page 26

AUTOLATINA, holding company for Volkswagen and Ford operations in Brazil and Argen-tina, plans to increase investments to \$1.5bn over the next five years at its units in Brazil

TELEFONICA: Spanish telecommunications company, indicated it is considering withdrawing its offer to purchase a 40 per cent stake in ENTel, Argentina's nationally owned telephone network. Page 28

HEINEKEN of the Netherlands, the brewer, and Bols, Dutch distiller, plan to combine their spirits and wine activities in the Benelux countries as a reflection of industry concen-

AEGON, Dutch insurance group, boosted net profits for the first nine months of 1988 to F1 277m (\$142.8m) from F1 246m, due to higher turn-over as costs remained under

expects a further increase in turnover and a substantial rise in earnings for the current year. Page 27

STOCK HIDICES

Dow Jones Ind. Av.

New York close

2,141.71 (11.92)

S&P Comp

FT-SE 198

277.44 (-0.60)

1,757.9 (-13.6)

138.77 (Wed)

Fears grow earthquake toll may reach 100,000

the Soviet Union in 80 years has claimed tens of thousands of lives - and perhaps more than 100,000 - in the Soviet Republic of Armenia.

The scale of the disaster was dramatised by Soviet leader Mikhail Gorbachev's decision to abandon what promised to be a triumphal tour of the US, Cuba and Britain and return home to personally take charge of the rescue efforts.
Mr. Gorbachev, at New York's John F. Kennedy Air-

port yesterday to board his air-craft for Moscow, said: "I have to cut short this visit and to return to the Soviet Union because late last night it was reported to me that the earthquake that struck the Trans-Caucasian republics of the Soviet Union, and particularly

THE WORST earthquake to hit Armenia, was extremely severe and had extremely grave con-sequences, devastation and

News reports put death-toll estimates at between 30,000 and 80,000. However, Patriarch Vazgen, the Armenians' spiri-tual leader whose see is just outside Yerevan, the Repub-lic's capital, said in an urgent message to Western Armenians that he was certain that at least 80,000 people had been Mr Hray Bahayan, the Armenian Government official

responsible for relations with the diaspora, told doctors in Los Angeles who are preparing a relief operation that the death toll was 100,000. The disaster is almost certain to have entailed the largest loss of life from a single

earthquake since the Tangshan earthquake in China killed 800,000 people in 1976. The Armenian earthquake was said to have measured between 6.9 and 8 on the Richter scale. Any measurement above 6 usually causes widespread damage, and a measure of 8 will have put the Armenian tremor among the largest this century.
The two Armenian cities of Leninakan (population 290,000) and Kirovakan (170,000) were both described by witnesses as having been devestated, full of rubble and bodies, with dazed people wandering ruined streets.

Initial reports estimated that the cities had been at least 30-to-40 per cent destroyed. But Rescue operation, Page 2 Continued on Page 24

Plessey invokes

Treaty of Rome

in bid defence

ground in defensive tactics yes-terday when it appealed to the British courts under the terms

The company obtained a temporary injunction restraining the two hostile bid-

ders from pursuing the offer on

the grounds that they have

contravened European competition rules. Until the case is

heard on Monday GEC and Sie-mens will be unable to send ont their formal offer docu-ment, which has to be circu-lated by next Wednesday to comply with British takeover regulations.

Plessey's move, claimed to be the first time that a com-pany in Britain has used Euro-

pean competition law to try and thwart a bid, threw the Stock Market into confusion.

The shares fell sharply in ini-

tial trading, but recovered to

close at 210p, down 7p on the day and well below the offer

price of 225p.

Lawyers said yesterday that the case was almost certain to

set a precedent. The basis of

regulations.

of the Treaty of Rome.

By Terry Dodsworth, Industrial-Editor, in London

a joint business deal.

Plessey is arguing that under this clause of the Treaty the offer by GEC and Siemens is

illegal unless it is declared to

be valid by the European Com-mission. Lawyers at Linklaters and Paines, acting for Plessey, said last night that this was now a well-established princi-ple, although it had not been

tested in the courts in the case

tions and other business arrangements as a matter of course, they said. In addition, the Commission has inter-

vened in a similar consortium takeover project, when it objected to the joint offer for

Irish Distillers from Guinness

Grand Metropolitan and

GEC appeared yesterday to

have been wrong-footed by Plessey's use of this novel legal attack and refused to comment

on the move. However, both

GEC and Siemens have visited the Commission since formu-

lating the bid and are in the

process of putting together information requested by offi-

Allied-Lyons.

cials in Brussels.

of a hostile takeover bid. Many European companies now seek Commission approval for joint ventures, collabora-

Nato puts forward own arms cuts proposals for Europe

NATO foreign ministers yesterday welcomed the unilateral reductions of Soviet forces in Europe announced by Mr Mikhail Gorbachev, the Soviet leader, on Wednesday and immediately put forward their own proposals for 50 per cent cuts of offensive conventional

arms in Europe.

It was clear, however, that the Western Alliance has no intention of responding to Mr Gorbachev's move with unilat-eral cuts of its own. Mr Manfred Wörner, Nato Secretary-General, struck a cautionary note in his opening remarks at the start of the two-day ministerial session in Brussela.

"The steps announced (by Mr Gorbachev yesterday) reduce, but clearly do not eliminate, Soviet superiority and do not establish a stable balance,"

doubtedly be an important step in the right direction and we will be looking forward to their implementation. If this step proves to mean that the Soviet Union is coming to accept the reality that their conventional superiority constitutes the principal threat to stability and security in Europe, then we would find yesterday's announcement still more encouraging."

A statement setting out Nato's proposals for the forthcoming conventional stability talks, expected to start early next year, also stresses that the imbalance in forces between Nato and the Warsaw Pact is "at the core of Europe's

security concerns." The main threat came from the weapons systems capable equipment. For tanks, this of mounting large-scale offensive operations and of seizing 12,000 for any one country. Sig-

Trade (Gatt), a new target for

tariff reductions and an inno-vative system for monitoring

trade policy in individual

However, the US and EC

failed to resolve their funda-mental difference over the US

a breach of the spirit, if not the

letter, of rules governing cor-porate practice after a monopo-

lies inquiry has been

The Government decided

that Elders would not be forced

to unscramble the controver-sial deals despite calls by S&N

and the Labour Party that Elders be required to sell the

9.5 per cent stake.
The Department of Trade

and industry said yesterday's reference complemented the first reference. The Commis-sion would make a single

report covering the two in March. The Department said

"If carried out, they will un-oubtedly be an important step were mainly tanks, artillery and armoured troop carriers equipped with guns.

Apart from proposing an overall ceiling for the total amount of arms in Europe substantially lower than existing levels, Nato will propose that the total number of tanks in Europe should be reduced by half to 40,000, or 20,000 for each alliance. The Soviet Union will be asked to reduce its total of 37,000 tanks by as much as 60 per cent, while Nato, under its own proposals, would have to make a cut of only 10 per cent in its 22,000-strong tank force.

Another important proposal is that no country should be

entitled to possess more than 30 per cent of the total amount in Europe of each category of

multilateral trade negotia-

on farm exports to generate the foreign exchange to resolve its debt and economic

problems, was being taken

reflects its heavy depen

Argentina's threat, which

nificantly, however, the Nato proposals do not cover aircraft, which Moscow would like to PLESSEY, the UK electronics company fighting a bitter take-over bid from Britain's General Electric Company and Siemens of West Germany, broke new see included.

Sir Geoffrey Howe, the Brit-ish Foreign Secretary, usually among the most skeptical of all the Western ministers about Soviet disarmament proposals, said that Mr Gorbachev's decision on unilateral cuts was important because it showed that both sides were seriously addressing themselves to the arms control agenda.

At the same time, he stressed that the Soviet lead-

er's decision was no more than a response to a long-asserted Western position and showed that Nato was on the right track in not lowering its guard as long as Soviet arms reduc-tions promises had not been put into effect.

Continued on Page 24

expected to come under heavy

pressure, if the US and EC suc-

Farm deadlock threatens Gatt talks

By Peter Montagnon, World Trade Editor, and William Duliforce in Montreal

ARGENTINA yesterday they also provisionally agreed insistence on a total elimination of all trade-distorting because of the Gatt tradition of all trade-distorting because of the Gatt tradition of consensus decision-making.

Agreement on Tariffs and goal in the Uruguay Round of However, Argentina was on the liberalisation of trade because of lack of progress on farm reform.

reached tentative agreement on ways to liberalise trade in After a full night of talks,

and Argentina. Page 26

tration. Page 27 HONG KONG Telecommunications' international share placement and offer for sale has been more than 130 per cent oversubscribed in local and UK institutional markets. Page 28

control. Page 27 JACOBS SUCHARD, Swiss chocolate and coffee concern, Inquiry into Elders' British brewery bid to be widened 23.6 per cent. It provoked a political storm and was seen as

countries.

By Lisa Wood in London

THE UK Monopolies Commission inquiry into the £1.6bn (\$2.96bn) takeover bid by Elders IXL, the Australian group, for Scottish & Newcas-tle Breweries has been widened to include an investigation of Elders' share purchases in S&N over the past six months. The broadening of the inquiry, which takes the form of a second reference to the

Monopolies Commission to consider the public interest implications of Eiders' present shareholding, was announced by Lord Young, UK Trade Sec-

hy Lord Young, UK Trade Secretary, yesterday.

The share purchases include the controversial 9.5 per cent stake acquired in a frenzied buying spree over a few minutes on November 10 after the Office of Fair Trading told Elders' solicitors the bid was being referred to the commission.

The best leader Britain's

25,27

Labour Party has got

CONTENTS

Companies ... World Trade ... Sritain Companies ...

such action was rare.

S&N said yesterday it had asked the Office of Fair Trad-The stake took the Austraing and the Department of an group's holding in S&N to Trade and Industry at the time lian group's holding in S&N to

Nell Kinnock has faced

continual criticism and

consistently poor opin-ion poll results, but

Joe Rogaly finds him a

man of vision who

knows what must be

done to make Labour

electable and has the

energy to pursue it

Commercial Law _____

Editorial Comment

Crossword

of the row over the 9.5 per cent stake to make a second reference specifically related to the Elders' holding and acquisition of S&N shares. S&N has been concerned that such a large parcel of shares could be announced. Normal practice in the City of London is for buy-ing to stop after a reference is passed on to another bidder should the Monopolies Commission decision go against

> "The purpose of the reference is to put beyond doubt the power of the MMC to consider the public interest implications of Elders' present shareholding in S&N as well as their full bid for the company," the DTI said

yesterday.
The decision to make a reference to the Commission did not in any way prejudge the question of whether or not the acquisition concerned was or might be against the public interest, it said. "It is for the Commission to report on this Lex, Page 24

Gerbachev initiatives imperial vision gives way to pragmatism

World trade: Australia wins carriages for iron-ore deal with Romania ______6

Technology: Underfloor route to a healthy workplace _ Management: Giving advice is not the prerogative of the professional

Editorial comments is sterling overvalued? Bhutto's shaky inheritance Lezz Plessey; Carless; Scottish & Newcastle; Plikington; Grand Metropolitan _____24

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the court application is Article ceeded in finding a way out of The main question being their dilemma in further talks due to extend deep into last posed by analysts last night 85 of the Treaty of Rome, which deals with the issue of was what impact the court application would have on the elaborate bidding programme. consortium bids or trading Continued on Page 24 arrangements in which two or more parties come together in Lex, Page 24 Gatt reports, Page 8 MORGAN

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Moscow puts earthquake rescue into top gear

By John Lloyd in Moscow

THE ARMENIAN earthquake struck unexpectedly, of course, but it also struck at a time when the official Soviet news media were geared to a triumphal appearance by Mr Mikhail Gorbachev at the United Netions, and when Armenia itself was still caught up in a murderous conflict with its republican neighbour, Azerbai-

jan.

The first Soviet reports on the Wednesday television news, and one eyewitness report in the youth daily Komsomolskaya Pravda, reflected simply shock. "One man," wrote the newspaper's reporters, "wrapped in a blanket, drew nervously on a cigarette – he had just been rescued from the ruins The peo-

- he had just been rescued from the ruins . . . The people, it seemed, hadn't grasped the full scale of the tragedy."

Details were still hard to come by last night, as the party, administrative and military machines were mobilised behind rescue operations.

The Foreign Ministry spokesman, Mr Vadim Perfliyev, briefing the foreign press, would not - probably could not - give figures, speaking only of "tens of thousands" of deaths. Some news reports said as many as 30,000 to 50,000 people had been killed; Japan's Kyodo news agency quoted Kyodo news agency quoted unidentified Armenian officials as saying the death toll was 50,000.

The two main cities hit, Len-

inakan and Kirovakan, have respectively 290,000 and 170,000 inhabitants, and are centres of the chemical and food process-

EC COMMISSION OFFERS HELP

THE European Commission made its first ever offer of emergency aid to the Soviet Union in a telegram yesterday to President Mikhail Gorbachev expressing its condo-lences on the loss of life in Armenia, writes David Bachan

in Brussels.

The message from Brussels said that, if requested by Moscow, the Commission would provide relief aid to those made homeless by the Armenian earthquake. Officials here said the aid would be channelled through nongovernmental bodies, such as the Red Cross.

The resture, contained in

the Red Cross.

The gesture, contained in the first Commission communication addressed to a Soviet leader, reflects the EC-Soviet rapprochement, marked by Moscow's recent formal diplomatic recognition of the Communication and likely to be compared within the part year munity and likely to be cemented within the next year by a wide-ranging trade accord. Earlier this week, Soviet diplomats here kinted that Mr Gorbachev might take up next spring an invitation to address the European Parliament in Strasbourg.

In both, the high rise flats which are features of all Soviet towns and cities are described as falling like houses of cards. Both, in a particularlycruel twist, have been centres for refugees from Azerbaijan, who

The smaller town of Spitak was described by issvestia, the government daily paper, as "utterly destroyed", with no building of more than one storey left standing, and with

rey left standing, and with huge chasms yawning in the roads leading to it.

Play is being given to the messages of sympathy sent from the Azerbaijan Commu-nist Party and from workers in the Azeri capital of Baku: not unnaturally, Soviet officials are seeking to use the dispeter.

unnaturally, Soviet officials are seeking to use the disaster to emphasise that sympathy can extend across what has become a hitter divide.

It is not clear, however, what longer term effect the earth-quake will have on the sentiments of an Armenian population thoroughly aroused over the fate of Nagorno-Karabakh, the Armenian enclave in Azerbaijan which Armenians claim as their own. Much will depend on how full-hearted the support now offered by the neighbouring republic will prove to be.

In Moscow, queues of people formed at the Baumann Insti-tute and other centres to donate blood, while volunteers from Moscow and other Soviet

from Moscow and other Soviet centres were reported as leav-ing for the crisis area.

The first Red Cross aircraft to leave Moscow on Wednesday night took tents, blankets, medecine and some 20,000 blood donor kits to the afflicted areas. The trade unions, which run holiday and health homes for their members, have offered some 50,000 places to the homeless.



EARTHQUAKE CASUALTY: A man carries a boy rescued from the wreckage.

Mr I Denisov, the Deputy Minister of Health, told report-ers that a group of 78 doctors left Moscow for Armenia on Wednesday night and that a second brigade of neurosur-geons headed for Yerevan, the capital, yesterday afternoon.

Fortunately, Armenia's two unclear reactors in a plant 30 miles from Yerevan were undamaged by the earthquake, according to information received by the Vienna-based International Atomic Energy Agency (IAEA)from a Soviet nuclear expert.

Few deaths reported in Turkey

TURKEY'S eastern provinces of Kars and Van appear to have escaped relatively lightly from the earthquake just across the border in Soviet Armenia. Tremors in Kars, some 150-200km from the epicentre, measured only 3.2 on the Richter scale.

Richter scale.

Only five deaths were reported, in Akyaka, a village in Kars province close to the Russian border. More than 400 houses were damaged in the affected areas in Turkey, and half of the mostly mud and brick structures were demolished.

Relief operations were under way yesterday

for the more than 1,000 people made homeless. The Turkish Red Crescent was flying in medical staff and emergency supplies, including tents, blankets, clothing and portable kitchens.

The swift official Turkish response to the situation comes from years of dealing with earthquakes in the unstable zone in the countriciant.

Whole permanent encampments have been built to house earthquake victims in expectation of such disasters; some are being used at present to accommodate Kurdish refugees from lraq.

Big fines for Italian glass cartel

By William Dawkins in Brussels

ITALY'S THREE leading producers of flat glass were yesterday fined Ecul3.4m (£8.6m) by the European Commission for running an illicit cartel, the biggest penalty of its kind this year. They are Fabbricana Pisana,

a subsidiary of Saint-Gobain of France, which must pay Ecum, Societa Italiana Vetro, an offshoot of the the Italian state-owned holding company EFIM, with Ecn4.7m, and Vernante Pennitalia, owned by the US glassmaking group PPG Industries, with an Ecul.7m

Mitterrand of France opened a diplomatic offensive into Cen-

tral Europe yesterday with a two-day visit to Czechoslo-vakia. The authorities there

simultaneously gave permis-sion to the opposition to hold a human rights rally tomorrow

in Prague for the first time. Human rights have been

placed high on Mr Mitterrand's

agenda for his talks with Presi-

dent Gustav Husak, Mr Milos Jakes, the party leader, and Mr Ladislav Adamec, the Prime

He will also meet eight lead-

ing dissidents today at the French embassy and will later address students in Bratislava.

Mr Mitterrand is scheduled to visit Bulgaria, Poland, Hun-

PRESIDENT

Frauçois

inquiry found them guilty of inquiry found them gullry or conspiring to fix prices and terms of sale for glass sales to the Italian building industry. They also rigged prices and organised illicit quotas for deliveries to the car industry. A full meeting of the Brussels authorities agreed to go absent authorities agreed to go ahead with the fines, despite objec-tions from Mr Carlo Ripa Di Meana, the Italian Commis-

The fines are all the more embarrassing in view of the fact that the Commission Industries, with an Ecul.7m ordered all three companies in 1981 to break up a market sharing accord. Saint-Gobain, the

Human rights high on agenda

for Mitterrand talks in Prague

gary and East Germany next year in a show of French pres-ence in Eastern Europe where West German politicians are

normally the most frequent

In Prague yesterday, the

authorities gave written per-mission to opposition represen-

tatives for a human rights

rally tomorrow afternoon in the Zizkov district of the capi-

tal. The occasion is the 40th anniversary of the signing of the United Nations human

rights declaration. A request to hold the rally on Wenceslas

square in the heart of Prague, scene of two large anti-govern-ment demonstrations this year,

Ms Anna Shabatova, a mem-ber of the Charter 77 human

was refused.

parent company of Fabricana Pisana, was also fined Ecul.45m four years ago for fixing prices with BSN, the French glass producer. "They are good clients of ours," said a Commission official. The latest fines are the

The latest fines are the result of a complaint made in 1936 by a medium sized Italian distributor of glass to the building trade, L'Industria Vetraria Alfonso Cobelli de Reggio Calabria, Italian car producers, which unlike most other glass users bought direct from the companies involved, did not bring a complaint.

The three companies have The three companies have

rights movement, said Presi

dent Mitterrand's meeting with its members represented the first "official recognition" of

the organisation's existence since it was founded in 1977. "It is a hopeful sign," she said. Mr Milos Hajek, a historian who is one of the three spokes-

men for Charter 77, said he was convinced Mr Mitterrand's visit played a key role in their

decision to permit the rally. The authorities had been "very cordial" to him and two other

members of the opposition dur-ing negotiations over the rally.

Only last month Mr Hajek and several dozen other dissi-dents were detained for several

days to prevent them holding a meeting on the current situa-

an 80 per cent share of the Italan so per cent share of the italian market for general purpose flat glass, rising to 95 per cent of car industry consumption. Their cartel ran for the three years to 1986, a period when EC demand for flat glass was generally stagnant, though consumption has since recovered.

while italy represents only 20 per cent of the EC's glass market, the Commission felt the cartel was all the more serious in view of the fact that its members belong to multina-tional groups representing half of the Community's supply of

France to ease visa rules

By George Graham in

THE FRENCH Foreign Ministry said yesterday it would stop demanding visus from citizens of seven Euro-pean countries.

The visa requirement was originally imposed in Septem-ber 1986 on travellers from all countries except members of the EC and Switzerland, in an attempt to hinder the move-ments of the terrorists respon-sible for bombings in Paris.

The exemption will cover the member countries of the Council of Europe except Tur-key, which already needed visas before the 1986 decision. visas before the 1986 decision.
It will therefore benefit Austria, Norway and Sweden, all of whom have complained repeatedly about the visa requirement, as well as Cyprus, Malta, Iceland and Finland.

Mr Olivier Stirn, the Tour-ism Minister, said this week he hoped visa requirements would also be lifted by the end of the year for Japanese and US tourists.

Further exemptions, how-

ever, could exacerbate rela-tions with other countries, especially in North Africa which have accepted the restrictions only as long as they felt they were being applied without discrimina-

Although by no means the only reason, the visa require-ment certainly contributed to a 35 per cent fall-off in the number of US visitors to France in the six months after its imposition, and some Scandinavian charter companies have cancelled flights to Paris because of the need for visas,

over lorry weights By Tim Dixon in Brussels THE LEVER of access to the

single European market post-1992 may be used next year in key road transport negotia-tions between the EC and Switzerland, it emerged in Brussels

yesterday.
The possibility was raised by Community officials after transport ministers from the 12 had agreed a flexible negotia-ting mandate for the talks. which are simed at removing longstanding transit problems with Austria and Yugoslavia as well as with the Swiss.

is perceived to be the Berne Government whose 28 tonne limit on lorry loads inside its borders (compared to the general EC maximum of 40 tonnes per lorry) forces many hauliers to bypass the country.

Taxes and other border controls in Austria and taxes and quota restrictions in Yugo-slavia will also be on the agenda, and are seen as of particular importance to Greece. The three non-EC countries involved have been trying to include aviation in the forth-

coming discussions, but this is likely to be resisted by the Commission negotiators. The view in Brussels is that the Swiss restrictions are particularly discriminatory and

the hope is that concessions will be offered voluntarily by the Swiss side. Yesterday's council was also marked by the first full presentation by Mr Stanley Clinton Davis, the Transport Commissioner, of his idea for a Community "vignette" for lorries. The Commission has not made a formal proposal but the idea is to introduce a tax sysmea is to infronce a tax sys-tem which would be based on the cost each type of goods vehicle from each member state imposes on the ECs road

infrastructure.

The Commission and many member states are concerned by the West German Government's unilateral proposals for a road tax on all lorries pass-

ing within its borders.

• Mr Jacques Delors, the European Commission presi-dent, said yesterday that any central EC monetary authority should be as independent from member states as the West German Bundesbank was from the Bonn Government, Retrier reports from Paris. European monetary and eco-

nomic unity needed an eco-uomic decision-making body such as the Commission and "an independent monetary decision-making centre, like the Bundesbank."

EC pressure Estonians throw down a gauntlet

By John Lloyd in Moscow

THE THREE-DAY session of the Estonian Supreme Soviet (parliament) which ended on Wednesday, has posed the Soviet leadership with its sharpest political challenge.

In Moscow yesterday official comment on the news that the Estonian Soviet and leadership had reaffirmed their intention

had reaffirmed their intention to retain a right of veto over all USSR legislation was muted. Mr Vadim Perfilyev, the foreign affairs spokesman, said that the USSR law would prevail over Estonian ones, as in all federal states.

However, a trial of strength

between the central government and the 1.5m-strong republic may not be long delayed. The Estonian Soviet has

adopted a resolution to work out a social and economic plan for the republic to the year 2005, included in which is a clause reserving to the Esto-nian government the right to

mian government the right to stop USSR ministries from building or extending their enterprises where this would damage the environment.

Officals and representatives made clear yesterday that this was passed in the spirit of the resolution of November 16, which retained the right of weto.

The environmental law, which represents a consider-able triumph for the Estonian Green party, led by Mr Johan Agre, is likely to tested soon. The state enteprises, concentrated in north-eastern Estonia have been used to operating independently of the republican enterprises and religious concentration. can government, and will natu-rally refer to their Moscow ministries rather than the

Estonian council of ministers in Tallinn.

Mr Indrek Toome, the Estonian Prime Minister, said in interviews yesterday that the government stood by the November 16 decision on veto rights, but both he and Mr president, were at pains to stress that they wanted no conflict with Moscow.

The form of the resolution passed by the soviet ou Wednesday is nominally conciliatory. A motion to take into account the wishes of the USSR Supreme Soviet and its praesidium, which had ruled the veto law illegal, was defeated in favour of an amended motion which read that the Estonian body would take into account the views of the USSR Soviet.

This was passed on the explicit understanding that it was to be interpreted as allow-ing the November 16 decision to stand — an interpretation later underpinned in news con-ferences and in the Estonian

West 'slow to give drug traffic data' to E bloc

By William Dawkins in

A SENIOR Soviet customs officer yesterday criticised Western administrations for failing to provide the Eastern bloc with hard information in the fight against international

drug smuggling.

Mr Vitaly Boyarov, first deputy chairman of the Soviet state customs administration, told the first ever joint meeting of East and West European

of East and West European customs authorities that Moscow was keen to boost bilateral ties with Western customs bodies. Western customs officials deplored the obstacles they faced because of lack of legal power to track and seize cartels' funds as they moved between countries.

Mr Boyarov did not exclude developing links with organisations like the 104-member Customs Co-operation Conneil (CCC), which called yesterday's session. He added: "We would rather have some practical help from our Western colleagues than applause. Much to our regret, we have received no information from them to catch a carrier or to block a

catch a carrier or to block a drug transit route."

Two months ago, Moscow signed a co-operation agree-ment on drug smuggling with the UK and is close to signing similar accords with France, West Germany and Sweden. The two day session was called to enable customs authorities to work out details of how best work together on combatting

drug trafficking.
Mr Brian Unwin, chairman
of HM Customs and Excise and
leader of the symposium, urged other member states to follow UK legislation enabling cus-toms authorities to seize drug traffickers' funds. Mr Raymond Kendall, secretary-general of Interpol, maintained investiga-tions were being needlessly ended "due to the lack of needed legislation which would have allowed the investigators have allowed the investigators to trace the assets and thereby identify the criminal hierarchy of the organisation." He added: "It is patently absurd to allow this to happen because of bureaucratic jealousies or regulations which prohibit the exchange of information and conversion among these entico-operation among these enti-

More E Germans allowed to leave

THE number of East Germans allowed to move to West Germany in the first 11 months of this year was more than dou-ble the total for the whole of 1987, a private monitoring group said yesterday, Reuter reports from West Revilla.

The August 13th working group, which monitors East German affairs, said the authorities let 25,135 people go to West Germany between January and November.

This compared with 11,459 permitted to cross permanently to the West all last year. The number of East Germans who escaped to West Germany, mainly through Czechoslovakia and other third countries, rose to 8,388 during the same period from 5,964 in all 1987, the organisation said.

Worries surface about outlook for Sweden as economy cools

THE SWEDISH economy faces serious uncertainties over the next few years as its present overheating begins to cool down, according to forecasts from the country's biggest bank, Skandinaviska Enskilda Banken, and the country's powerful blue-collar union

organisation, the LO. In their separate economic forecasts published this week, they make similar predictions of what is going to happen. While the LO believes

growth rate next year will be 2.4 per cent, SEB suggests 1.6 per cent, falling to 1.2 per cent in 1990. Both expect the balance of payments deficit to worsen to SKr16.3bn (£1.45bn) in the case of LO and SKr16.8bn in the view of SEB with SKr19.0bn the following

The union is more optimistic

about export prospects next year, believing they will grow by 4.0 per ceut. The bank thinks the figure will be more like 2.7 per cer

However, both agree there will be a decline in the rate of will be a decline in the rate of investment growth. The LO predicts a gross investment rate of 3.5 per cent in 1939, compared with 5.5 per cent this year, while SEB settles for a figure of 2.4 per cent falling to 0.8 per cent in 1990.

They expect a fall in domestic demand as well as a modest drop in private consumption but they both agree unemployment will remain very low, the LO believing it will be only 1.4 per cent next year and SEB 1.6

per cent next year and SEB 1.6 per cent with a modest rise to 1.8 per cent in 1990.

The SEB is concerned about the uncertainties about Sweden's future relations with the European Community, what is going to happen to energy prices and the development of prices and the development of the tax system with the risk of an outflow of investment.

Above all, like the other banks and the employer organisations, SEB is anxious about the shortage of labour and the relatively high wage cost inflation, which continues to threaten Sweden's industrial

competitiveness.
For its part, the LO also thinks wages will rise by 8.2 per cent next year and prices by 6.5 per cent. The unions want to see a stimulus to the

supply side of the labour market through an extension of indirect taxation on to goods and services which increase competition and help to shift people out of the private sector into jobs in the public services.

France to act on privatised shareholdings

By George Graham in Paris

LEGISLATION aimed at undoing the "hard cores" of stable shareholders placed by France's previous right-wing Government in the companies it privatised is to be introduced by Mr Pierre Beregovoy, the present Finance Minister. It would "allow the stable shareholders to dispose freely of their shares," he said. Hard core shareholders, who

generally paid a 5-10 per cent premium above the public offer

price for their shares, were

obliged not to sell more than 10

per cent of them for two years after the privatisation. For a further three years, they could only sell with the permission of the board of the privatised

The legislation is expected to speed up the process of reshap-ing these hard cores, a process which Mr Bérégovoy, who con-tested the allocation of shares to groups selected by his right-wing predecessor, Mr Edouard Balladur, has been supporting. With the Havas advertising group, whose hard core and

being composed largely of friends of Mr Balladur's RPR party, a rival core of shareholdtelevision company Canal Plus and allies. The Canal Plus chairman, Mr Andre Rousselet. is a former counsellor of Presi-

board was widely viewed as

dent François Mitterrand. The attempted remodelling of the hard core of Societé Gén-érale, the largest of the priva-tised banks, has been less suc-cessful. Mr Georges Peberean, who accumulated a 10 per cent

stake with the backing of the state financial institution Caisse des Depots, met unex-pectedly strong resistance from the bank's management, as well as from some of his own shareholders.
Mr Bérégovoy said yesterday that he also wanted to annul

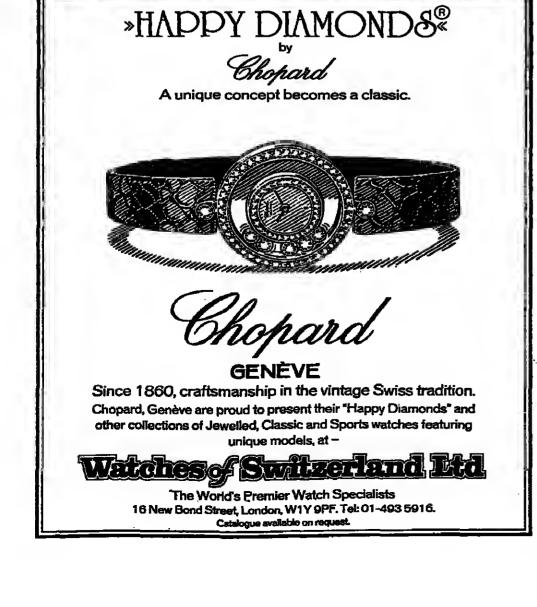
the secret shareholder pacts which have been created as an additional defence by some privatised companies, principally Compagnie Générale d'Electri-cité, the telecommunications and engineering group.

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AMERICAN NEWS

Argentine army splits over Caridi resignation

LAST week's military rebellion is causing serious divisions between senior and junior ranks in the Argentinian army. If the issues which provided it are not resolved, there may be a new outbreak of military disaffection.

The situation was high-lighted by a specially convened meeting of senior Argentine officers, which resumed yester-day having falled to resolve donbts concerning General Jose Dante Caridi's continua-tion as army chief of staff during a full day meeting on

Wednesday. Gen Caridi failed to crush insubordinate units in Buenos Aires and elsewhere last weekend, when Colonel Mohamed Ali Seineldin led several units in a rebellion and the occupation of the Villa Martelli arsetal One of the less demands of nal. One of the key demands of the rebels, who have since returned to either their bases or their homes, was the departure of Gen Caridi by the end

of this year.

President Raul Alfonsin, who firmly backed Gen Caridi from the first day of the insurrection a week ago, continues to give him public support.

On Wednesday, he met the Col Seineldin left his rebellion stronghold of Villa Mar-

the visit to Cuba by Mr Mikhail Gorbachev, the Soviet leader, is likely to delay vital policy decisions on the future

of relations between Havana

For the past three weeks, Cuban officials have been

feverishly preparing for the visit, the first since Mr. Gorba-chev took office. It comes just as Cuba is about to celebrate

the 30th anniversary of the Revolution. Observers believe the realism injected by Mr Gor-

bachev into Soviet foreign pol-icy worldwide cannot ignore

the singular case of Cuba.

Although Cuba is part of

Comecon, Mr Gorbachev had

held off from visiting the island in part to avoid giving the wrong signals to the US administration. Mr Gorbachev appears to believe it is no lon-

By Robert Graham

and Moscow.



seineldin: pressure for army chief of staff to resign

26 generals and 16 colonels of the army high command. According to unofficial sources Gen Caridi offered his resigna-tion to President Alfonsin (who is head of the armed forces) on the basis that he was no longer in complete control of the army. The resignation was

The rebels, under the leader-ship of Col Mohamed Ali Seineldin, wish to see 48-year-old General Isidro Caceres, who acted as intermediary during the four day mutiny, replace

a high profile role in the Carib-bean antagonistic to the US.

to produce a new initiative by Mr Gorbachev to lessen ten-

sion between President Fidel

Castro and the US. It was also anticipated the Soviet leader

would have some tough discus-

sions on the extent of Moscow's continued underwrit-

The two leaders have not concealed their differing

approaches to perestroika. President Castro in July said

"our problems are different".
Cube's strategic value is also being reassessed. The use of satellites and the development

of other military technologies

has reduced the significance of

the facilities which the Soviets

have used since 1962 in Cuba.

At the same time, the new

ing of the Cuban economy.

The visit had been expected

THE ABRUPT cancellation of ger in Soviet interests to have

telli on Tuesday and is now in Palermo barracks in the centre Palermo barracks in the centre of Bnenos Aires. Despite reports that he was being held in custody, it has now emerged that the Patricios Infantry Regiment based at Palermo backed him throughout the crisis. It is understood that he is far from being under lock and key at the barracks and that Col Sensiblin has received a num. Seneildin has received a number of retired senior army offi-

Army units which supported the mutiny outside Buenos Aires, particularly in Mercedes Aires, particularly in Mercedes and Cordoba, are reported to be under the supervision of officers backing Col Seineldin. It is reliably understood that the ranks of some units previously thought loyal to the Government have turned towards Col Seineldin, including the Grenadiers who traditionally event the presidential palace. guard the presidential palace.

President Alfonsin, who
tomorrow marks his fifth year
in office, on Wednesday
repeated his denial that any

deal had been struck with Col Seineldin. However, there are growing fears that a fresh insurrection could flare up if Gen Caridi has not left by the

Delay to decisions on Cuba Soviet leadership is less interested in using Cuba as a third-world policeman or a revolutionary catalyst in Africa and Latin America. The impending agreement on withdrawal of

50,000 Cnban troops from Angola underlines this.

If the Angolan troop with-drawal goes ahead, the Cuban Government is expected to seek some Soviet aid in relocating them at home. It is likely Mr Gorbachev is contemplat ing long-term debt relief for Cuba, which owes the Soviet

Union at least \$10bn. The Soviet Union has pledged credits worth \$3bn for the current 1986-90 plan. This, plus subsidised purchases of sugar and the provision of oil which Cuba is allowed to resell, adds up to annualised aid close to \$4bn. Gorbachev initiative, Page 4

US raises Soviet immigration quota

By Our Foreign Staff

The US has increased the quotas for Soviet emigrés in reaction to a growing number of requests for refugee status by Soviet Jews and other Soviet citizens, Mr Richard Thornburgh, U.S. Attorney General said yesterday.

In a separate ceremony to celebrate the 40th annivesary of the UN Declaration on Human Rights, a senior US official praised the significant progress that has been made in advancing human rights in the Soviet Union, including increased emigration.

"Thousands have been allowed to emigrate, hundreds of political prisoners have been freed, and we have seen some loosening of controls on religious worship," Mr John Whitehead, Deputy Secretary of State said.

of State said.

Jawish groups said 173

Soviet Jews had been denied refugee status by US officials in Rome since September and that a growing number of Jews seeking visas from the US Embassy in Moscow had been told to expect delays of at least

year.
The number of Soviet Jews allowed to leave the country has risen to more than 15,000 up to November, according to the State Department. Since September, Soviet Jews have been leaving at the rate of about 2,000 per month, a level that US officials expect to con-

Problems have arisen, partly because the US last summer stopped granting automatic political refugee status to Soviet Jews and other Soviet citizens who could not prove "a well-founded fear of persecution". The change in policy stemmed from budgetary and legal reasons, Reagan adminis-tration officials said.

Protesters released

Anti-government protesters whose arrest preceded expul-sion of US diplomats from Nicaragua, have been freed after nearly five months in jail. A judge, giving four leaders of the demonstration three-year suspended sentences, said they were not a threat to society.

Debt negotiator resigns in Chile

By Barbara Durr in Santiago

owed to multilateral institu-CHILE'S extraordinarily successful debt negotiator, the dapper and no-nonsense Mr Hernan Somerville, has resigned. Mr Somerville, assigned five years ago to guide Chile out of a messy debt crisis, says he is leaving on December 31 "because my mission has been accomplished." sion has been accomplished.". Mr Somerville departs with Chile's debt picture looking brighter than anywhere else in Latin America. All of Chile's foreign debt has been restruc-tured, the commercial bank debt has been reduced by over

than it can use and payments until 1991 are manageable. We are not completely out of the woods, but Chile is no longer a sick debtor," he says. By the end of the year, Chile's total debt will be down to \$17.5hn, with only \$8.2bn owed to commercial banks. This compares with a 1963 total debt of \$17.4hn, of which \$14bn was

40 per cent since 1983, the country has more trade lines Mr Somerville is particularly proud of Chile's debt reduction through debt-equity swaps and its recent successful buy-back of \$300m of its own obligations. Chile bought its old debt for just \$168m on the secondary market, paying an average 56.3 cents on the dollar. With all this success the big

question now is getting back to the voluntary market. Mr Somerville firmly believes that Chile should be rewarded for its "good debtor" behaviour.
"We have restructured with a
very high social cost. We have played a fair game with the banks. We have had sensible policies. But what are we getting back?" he said.

While he counts better terms on reschedulings, new money and credit lines as some of his past rewards, he is irked that commercial bankers who readily commend Chile for its economic adjustment and owed to commercial banks. A punctilious debt repayment larger portion of today's debt is refuse so far to make voluntary

don't they put their money where their mouths are?" he asks in frustration.

If other Latin American countries are still in deep trou-ble, Mr Somerville says Chile should not be penalised for the area's problems. Moreover, he believes that international bankers cannot continue to hold up Chile as the region's model debtor if they are unable to show that virtue pays. He expects that Chile will

return to the voluntary market, but if it does not, debts will have to be restructured again in 1991, when the country's next principal payment, worth \$850m, is due. Until then, Chile has relatively easy sailing, though if an opposition government comes in in 1990 an earlier rescheduling is

being called for.
This year the country will have paid a total of \$1.3bn in interest, down from \$1.6bn last year. Mr Somerville's mid-year restructuring dropped the interest rate to it of a point over Libor and permitted Chile to make a single interest pay-

ment per year. Next year, with world inter-est rates expected to go higher, Chile projects interest payments to rise to \$1.7bn. But no new money will be needed in 1989, Mr Somerville said.

If the economy keeps per-forming, Chile is expected to be able to handle its future payments. But unpredictability about copper and oil prices make projections beyond next year difficult. He believes, however, that Chile's debt will con-

tinue to be reduced.

Contrary to those who have argued that Chile's debt-equity programme will slow down for lack of good investments or for political uncertainty about the future, he claims that the pace of debt swaps will not fall off. "The plebiscite did not change anything," he said. "There are still plenty of applications at the Central Bank."

Mr Somerville says that he

Plant closures and job losses spur critics of Canada-US pact

By David Owen in Toronto

A SPATE of plant closure and corporate restructuring announcements by Canadian companies is providing oppo-nents of the US-Canada free trade agreement with ammunition to attack government policy, as MPs prepare to assemble next week in Ottawa to pass legislation to implement the deal.

The rash of announcements has come within two weeks of the Progressive Conservative victory in the Canadian elec-

The agreement, which will remove virtually all tariffs on trade between the two countries over ten years, is due to go into effect on January 1. Cutbacks announced since

November 22 include: Gillette Canada is to close its Montreal plant and phase out 590 Canadian jobs over 18

• PPG Canada is to shut an Etohicoke paint plant, leading to 139 job losses; British Footwear, a small Quebec shoemaker, is to shut

up shop in March, throwing 50 out of work

Northern Telecom this week unveiled major restructuring which will affect plants in five locations north and south of the border and trigger

While companies concerned generally maintain that the moves are unrelated to the probable passage of the trade deal, the timing of the decisions is unfortunate for Mr Brian Mulroney, the Prime Minister, who has pledged to try to patch up the rifts opened by the divisive election cam-

2,200 redundancies.

As many as 52 per cent of the electorate implicitly voted against the trade deal by supporting either for the Opposi-tion Liberals or the left-of-centre New Democratic Party

(NDP).
The situation is rendered still more delicate for the Prime Minister by the fact that the closures are generally in industries widely forecast to be adversely affected by the pact.

In a bid to counter criticism, the government is believed to be contemplating measures possibly including setting up of a parliamentary sub-committee on trade — designed to help those affected by dislocations attributable to the Canada-US

The government is thought to be reluctant to initiate new aid programmes, bowever, partly for fear of pre-empting its own advisory committee on adjustment.

This was set up last year but is not due to report until June next year. Mr Steven Langdon of the

New Democratic Party has said that the party will press next week for compensation commitments for displaced work-

Mr Herb Gray, Liberal house leader, has hinted that some Liberal MPs may propose amendments to the free trade bill to give assurances that the deal will not jeopardise social or regional development pro-

Venezuelan vote tally gives Pérez victory

will return to the private sec-

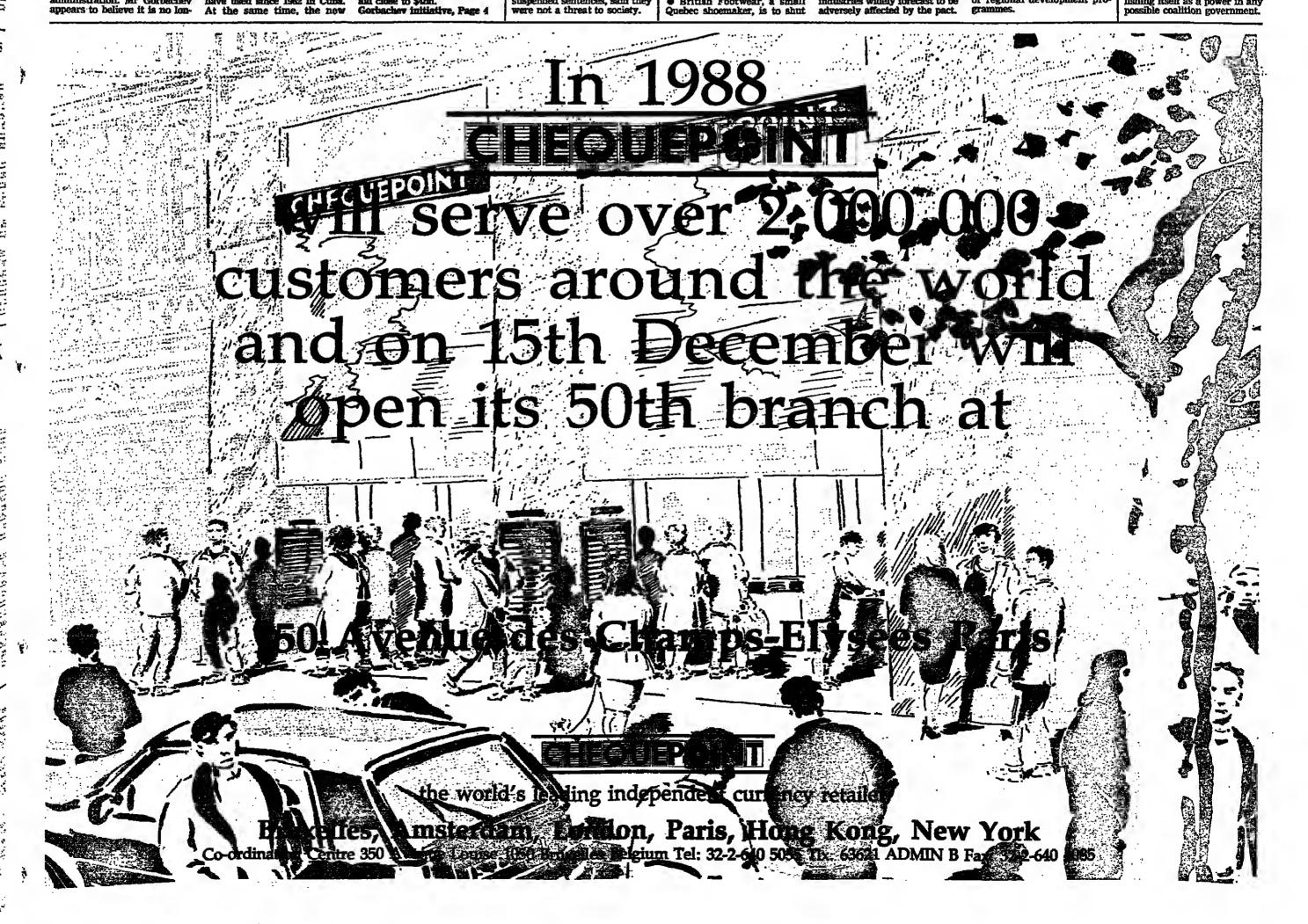
VENEZUELA'S Supreme Electoral Council has issued its final vote tally, giving Mr Car-los Andrés Pérez a solid win in the presidential election, AP reports from Caraces.

Mr Pérez, 66, of the centre-left Accion Democratica, won with a 54.56 per cent majority in Sunday's voting, one of the biggest wins in Venezuela's 30year democratic history, according to the council, which oversees the electoral process.
Out of 9.18m registered voters, Mr Pérez received 3.88m votes, said the council's final bulletin on Tuesday night. His closest rival, Mr Eduardo Fernandez of the social-Chris-

tian Copei, took 2.97m votes, 41.74 per cent of the electorate, Voter abstention was high

with close to 2m choosing not to cast ballots in spite of severe The biggest revelation in the

elections was the performance of the socialist Movimiento al of the socialist movimiento at Socialismo (MAS), in the congressional vote, with 717,350 votes, or 10.27 per cent, establishing itself as a power in any possible coalition government.



2.550

1,200 255

GREECE

1,336 297

27,800

21'100

3,900

3,600

2,033 522

污

THE GORBACHEV INITIATIVE

W. GERMANY

1,438

479

NATO

4,937 1,939 5,000

472 689

180 264

NETHERLANDS

NATO

791

424

225

DENMARK

210

390

NORWAY

pieces (8,500) and combat air-craft (800) stated for removal from Europe, including the Western Soviet Union.

Nato's proposal of a total of 40,000 tanks for the whole of Europe would, according to

Nato figures, oblige the War-saw Pact to reduce its total by

some 57 per cent even after the

Soviet cuts, whereas the West would have to cut by only 10

per cent to come down to the 20,000 figure. Since no country

would be allowed more than 30

per cent of the total, the Soviet

Union itself, which is now

reckoned to have 37,000 tanks

west of the Urals, would have to cut that to 12,000.

announcement and called on

the Prime Minister to ensure in "deeds as well as words" that

Britain's response would match Mr Gorbachev's "real-

ism and vision". Edward Mortimer adds: The

US should respond to Soviet

troop cuts by pulling out "any-thing from 50,000 to 70,000 US

troops" from Western Europe.

according to Dr David Owen, the Social Democrat leader and

former British Foreign Secre-

*President Bush should on

taking office tell Europe" that

he intends to make such a

"manageable" reduction "over a period of a few years", Dr Owen said yesterday in an address to the Royal Institute

of International Affairs. This should be done "without any formal linkage to the forthcom-

UNITED KINGDOM

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Gorbachev may signal end to Soviet isolation

By Quentin Peel

Mr Mikhail Gorbachev's speech to the UN General Assembly, quite apart from launching new arms cuts on an unwary world, amounts to his most forthright declaration to date of the need to reintegrate the Soviet Union into full partici-pation in the international community - political and eco-

It was a vigorous rejection of years of Soviet ideological and economic isolationism, in which Sovlet society was required – and failed – to flourish in self-sufficiency behind high external barriers. It also included a strong statement of the new prag-

matic basis for Soviet foreign policy, stressing interdepen-dence, not rivalry, in international relations.

"Today, the preservation of any kind of 'closed' societies is hardly possible," he said. "This calls for a radical review of approaches to the totality of the problems of international co-operation as a major element of universal security. The economy, the environ-ment, the North-South divida and disarmament were all global issues which could not

be tackled in a spirit of isola-tionism or ideological warfare.

"The world economy is becoming a single organism, and no state, whatever its social system or economic sta-tus, can normally develop outside it." he said.

He also spelt out his view of peacefully competing ideolo-gies, proving their value by deeds, not propaganda - con-firming the switch of Soviet foreign policy away from its traditional focus pursuit of the class struggle, towards an emphasis instead on interde-

Plan for joint work welcomed

By Peter Marsh

INITIATIVE IN

also monitor the stmosphere for shifts in the concentration of gases like carbon dioxide which are thought to affect warming of the earth's surface. Mr Gorbachev said he would like to see the establishment of a World Space Organisation to develop a set of rules for peaceful activitites in outer space. Such a body has been discussed for some years under the auspices of the UN and is favoured by a number of developing nations such as India. One job could be to set limits on testing and deployment of space weapons, such as antisatellite devices, and missiledefence schemes like the US

Strategic Defence Initiative. The Soviet leader linked his ideas on the new global space body to abandoning the military use of a Soviet radar station at Krasnoyarsk. He said the radar could be converted to civilian use and put at the disposal of the new World Space Organisation.

Mr Geoffrey Pardoe, a UK space-industry consultant, said he would welcome better co-ordination of countries' efforts to use space systems to monitor the environment. "Mr Gorbachev is alerting us to the idea that the use of space platforms in this way is vital," he said.

The US National Aeronautics and Space Administration said it would be interested to learn more details about what Mr Gorbachev bad in mind. An official noted that the US and USSR were already trying to pool efforts in space-based

environmental monitoring. The US was unlikely, the official said, to favour a World Space Organisation on the grounds that co-ordinating activities in the cosmos was already covered by the outer-space committee of the UN. Mr Howard Kurtz, who heads a Washington based body called War Control Plan-

ners aimed at using space to

promote world peace, said Mr Gorbachev's ideas were a "very

good beginning".

WHEN Mr Michail Gorbachev declares, as he did in his UN speech, that there are no politiprisoners in Soviet prisons WESTERN space experts and prison camps, it comes yesterday gave a cautious welimmediately to one's mind that come to the ideas of Mr Mik-hail Gorbachev, the Soviet it is largely a semantic prob-lem: What Mr Gorbachev said leader, on joint space endea-vours between the USSR and exactly was that there are no people there "convicted for their political or religious other countries, particularly for environmental monitoring. Observers said they thought This formulation leaves out the overwhelming majority of political prisoners who were the plans which Mr Gorbachev imveiled at the UN could also help to bring the US and the convicted not for their convic-Soviet Union closer in discustions but for expressing them sions over limiting military in an unauthorised way, for trying to leave the country or for a great variety of criminal In his address in New York, Mr Gorbachev said he supoffences which they never comported the idea of an interna-This is not to say that Mr tional space laboratory to mon-Corbachev and his associates are not sincerely endeavouring itor the environment. Such a platform, manned or unmanned, could observe land to change the system. Both priareas to gain a global picture of the destruction of forests vate and public statements of Soviet lawyers reveal that the party has been undergoing a and other environmentally profound change of heart since 1978, though it is only now that important changes. It could

the process of translating it into deeds has begun. The advancement of economy, both technologically and hy better business organisation, cannot be achieved without motivation of the opera-tors. This is impossible in prison camps. Forced labour. therefore, became an embarrassment to the reformers. For this reason, rather than for anything else, one can believe that even if there are still political prisoners in the Soviet Union, the new regime personi-fied by Mr Gorbachev would like to see them free as soon as

The relative slowness of the process can be well understood if one realises that the system of forced labour and prison camps has been an essential part of the Russian Empire, long before Communism. An economic system requir-

"As the world asserts its diversity," Mr Gorbachav declared, "attempts to look down on others and to teach them one's own brand of democracy become totally improper, to say nothing of the fact that democratic values

intended for export often very quickly lose their worth. "The new phase requires de-"The new phase requires deideologising relations among
states... Let everyone show
the advantages of their social
system, way of life or values... not just by words or
propaganda, but by real deeds.

"That would be a fair rivalry

The Soviet authorities' disregard for environmental protec-tion in exploiting the country's huge natural resources is one

Mr Gorhachev also recognises that he cannot integrate the Soviet economy into the world aconomy overnight, because it is simply too weak

designed to appeal to his UN audience, but it underlined the relatively new-found Soviet conviction that the UN is a useful organisation: not least by proposing a further expanded role for UN peacekeeping forces to provide the Soviet Union with a dignified departure from its ill-fated involve-

ered that he needs the international community, but he has also succeeded in turning that

203 72 MAIN BATTLE TANKS ARTELERY, MLR COMBAT AIRCRAFT ARMED HELICOPTERS

1,093

NATO AND WARSAW PACT FORCES

18 (US)

614

456

of ideologies. But it should not be extended to relations among

It was a speech clearly

of the most important sources of political dissatisfaction with

and disorganised to withstand the competition.

ment in Afghanistan. Mr Gorbachev has discov-

Regard for rule of

law stems from

economic need

By A.H.Hermann, Legal Correspondent

Tank cuts seen as 'convincing' By David White, Defence Correspondent

SOVIET plans to draw down forces in Eastern Europe are expected to involve the with-drawal of both Soviet tank divisions currently stationed in Hungary, military experts say. The arms cuts announced on Wednesday by Mr Mikhail Gorbachev, the Soviet leader, included the disbanding of six Soviet tank divisions in Warsaw Pact countries. One, or possibly both, of the tank divi-sions in Czechoslovakia would

89

go, and either two or three of the 11 in East Germany, the experts predict. All three countries also have Soviet motor rifle divisions, which include some tanks, and each of the five Soviet armies in East Germany is believed to have a separate tank regiment. A total of 5,000 tanks would go, half those the Soviets have in the three countries, with 5,000 more withdrawn from Soviet

HUMAN RIGHTS

if individuals and whole collec-

tives have to fear that any

business misjudgment or fail-

ure of an innovation will bring

them to prison, convicted for

sabotage. They can hardly be expected to work as best they

can as long as it is more impor

tant to satisfy the personal interests of officials whose

wink can send them to prison.

For this reason, Mr Gorbachev and his lientenants can be

believed when they speak of a rule of law, of the reform of the civil and penal system and of

In the new international cli-mate, when Mr Gorbachev

scores higher on Western popu-

larity charts than President Reagan, it should be without

any great risk for him to stop the jamming of Western broad-casts: indeed he can look to

these for considerable support on the home scene.

When Mr Gorbachev speaks of solving the problem of the Refusniks, he is supported by avidence of substantially increased emigration. This was

restricted in the past on two pretexts: one was the assertion

that emigration cannot be

allowed because the applicant

acquired State secrets, some-

times in appointments which were terminated 15 years ago;

the other pretext was presented as concern for the social

security which Soviet authori-ties said would not be accorded

to their citizens abroad. Mr Gorbachev indicated that

the first pretext will be drasti-

cally pruned and did not even

On the whole Mr Gorbachev ought to be given the benefit of doubt primarily because his

economic and political grand design cannot be accomplished

without freeing the population

mention the second.

making judges independent.

territory west of the Urals.

THE MILITARY DETAILS

Tanks expected to be affected are especially the T-54 and T-55 series, which date from shortly after the Second World War and which are still believed to make up more than a third of the Soviet Union's total tank force of over 53,000, rather than the modern T-64, T-72 and T-80, equipped with reactive armour, laser range-finders and improved guns.

134

104

147

Colonel John Cross, deputy director of the London-based International Institute for Strategic Studies, said the Soviet proposals were "well structured, convincing, and with every prospect of being help-ful." He said the six tank divi-sions were enough to make a

By Philip Stephens, Political Editor

MRS Magaret Thatcher,

Britain's Prime Minister, cau-tioned yesterday that the Soviet Union's unilateral cuts

in conventional arms still left

open the prospect of "tough

negotiations" to achieve a sat-isfactory balance of forces in

She indicated, however, that

she hoped that Mr Mikhail Gor-

bachev, the Soviet President,

would quickly reschedule his

postponed visit to London so

that they could discuss what

was an clearly an important

In a letter to the Soviet leader, Mrs Thatcher said that

she had fully understood his

decision to return to the Soviet

Union in the wake of the Armenian earthquake. She

offered any assistance that Britain could provide to help

the relief effort and said that

step in the right direction.

major impact.

A previous move under Mr Leonid Brezhnev to pull out a division from East Germany had no long term impact, since it was offset by the strengthen-ing of other divisions.

1,720 1,118 379

The overall reduction of 500,000 in Soviet military per-sonnel was considered less significant than the specific proposals. Experts said it would probably be achieved hy changes in the compulsory service system and would not alter the number of reserves, currently put at 6m, on top of the 4.5m who would still be in

Some reduction of forces had long been expected, particu-larly in Hungary, but the pro-

Thatcher warns of tough talks

encouraging the European

Speaking later in the House of Commons, the Prime Minis-

ter said that the planned

Soviet troop reductions had to

be kept in perspective. She said: "Even after the reduc-tions, they will have 41,500

tanks as opposed to 16,500 for

Nato, 35,000 artillery pieces

compared with 14,000 for Nato

and 7,400 aircraft compared to

a far greater proportion of its

national income on arms than

did the West and retained a 2

to 1 superiority in conventional

forces in Europe. "There will

still be a major assymetry in

the Soviet Union's favour, so there is still a lot of tough

Mr Neil Kinnock the Labour

negotiating to do", she added.

leader, gave a more unequivo-

The Soviet Union still spent

4,000 for Nato."

Community to provide help.

Concern at balance of conventional posals went well beyond expec-tations, especially in specifying that assault landing and forces in Europe assault crossing formations would be pulled out of the three East European states. and in the numbers of artillery

By Robert Mauthner in Brussels

NATO FOREIGN Ministers meeting in Brussels yesterday called for a 50 per cent reduction of all Nato and Warsaw Pact offensive forces in Europe in a joint statement on their negotiating position for the forthcoming conventional arms

ROMANIA

CZECHOSOVAKIA SOVJET

1,450

1950 800 2900 270

POLAND

The statement was issued on the day after the announcement of large unilateral conventional arms cuts by Mr Mikhail Gorbachev, the Soviet leader, at the United Nations in New York.

Though the statement referred to Mr Gorbachev's speech, the Nato position was dopted in broad outline well before the Soviet leader's announcement and cannot therefore be considered as a reply to the unilateral cuts.

The Nato countries said that the imbalance of conventional forces remained at the core of Europe's security concerns and that Nato would be presenting specific proposals at the negoti-ating table to redress this

The major threat to stability in Europe came from those weapons systems capable of mounting large scale offensive operations and of seizing and holding territory. These included above all main battle tanks, artillery and armoured troop carriers. It was in these very systems that the East has

such a massive preponderance. "Indeed the Soviet Union itself possesses more tanks and artillery than all the other members of the Warsaw Pact and the Alliance combined and they are concentrated in a manner which raises grave concerns about the strategy which they are intended to support, as well as their role in maintaining the division of

Europe. The statement said that the reductions announced by the Soviet Union were "a positive contribution" to correcting the imbalance of forces between East and West. They indicated the seriousness with which the conventional imbalance problem was now regarded by the Soviet government. The Nato countries also welcomed the declared readiness of the Soviet Union to adjust its force

posture. The important thing is now to build on these hopeful devel-opments at the negotiating table in order to correct the large asymmetries that will still remain and to secure a balance at lower levals of forces. For this it will be necessary to deal with the location, nationality and the state of readiness of forces as well as their numbers."

Though the statement did not go into great detail, it said that Nato would propose an overall limit on the total hold ings of armaments in Europe. This limit should be substantially lower than the existing leve

NATO MEETING

It is understood that Nato will propose that the Soviet Union should reduce its present number of tanks in the European area by about 60 per cent to 20,000 - the proposed equal ceiling.

Nato will also propose that no country should be entitled to possess more than about 30 per cent of the total holdings of arms in Europe of the 23 par-ticipants in each equipment category. In the case of tanks, this would result in an entitle-ment of no more than 12,000 for any one country.

The Alliance will also propose limits for forces stationed on other countries' territory as well as a rigorous and reliable regime for monitoring and ver-

Among other Nato proposals

The Nato proposals

 East and West to cut tank levels to 40,000 ●No one country to have more than 12,000

 Soviet tank levels to be cut by 25,000 to leave 37,000 remaining

Gorbachev's planned cuts

 Soviet tanks to be reduced by 10,000

are measures to create greater transparency of military activities, such as more detailed information with regard to the notification of military exercises and improvements in the arrangements for observing military activities.

The statement said the Nato

countries looked forward to the early start of two separate sets of negotiations - one on conventional stability between the 23 members of the two military alliances in Europe and the other on confidence and securi-ty-building measures among all 35 signatories of the Helsinki Final Act. The implementation of

Nato's proposals would involve a "quantum improvement" in European security. "Our vision remains that of a continant where military forces exist to prevent war and to ensure self-defence, not for the pur-pose of initiating aggression or for political or military intimi-

ing Conventional Stability the Government would also be A victory for Genscher's line

By David Goodhart in Bonn IN THE hot-house of West German coalition politics the Gorbachev initiative represents, at least initially, a vic-tory for Mr Hans-Dietrich Genscher, the Foreign Minis-ter, and those who have been arguing for maximum reasonable trust of the Soviet leader and maximum possible delay in deciding on modernisation of Nato's short-range nuclear

missiles in Europe. cided with a debate in the West German Bundestag on modernisation in which the supporters and opponents of modernisation within the centre-right coalition tried to hide their differences behind uncertainties on conventional disarmament. there is no present need for action on Lance which will stay modernised until 1995" and was (at least then) understood to mean that no decision is required for two years. With the shot in the arm that conventional negotiations were simultaneously receiving

IMPLICATIONS FOR E EUROPE

WEST GERMAN

Mr Genscher did say that

REACTION

of delaying modernisation appear to have been vindi-It may now be a far more limited kind of modernisation that is required for far fewer

> Mr Genscher himself tried not to crow yesterday. He said on German radio that the proposals open a new chapter in the history of disarmament. Although he said the pro-posed reduction did not yet reach the West's goal of conventional balance, he added that the Soviet announcement confirmed his view that Mr Gorbachev was serious about fundamentally changing East-West relations.

He said that deeds had followed words and he was convinced more would follow. There were also some more sceptical voices in Bonn. Mr Alfred Dregger, the bead of the CDU/CSU Bundestag group, emphasised that the Soviets still retained conventional uperiority. In addition, Mr Horst Telts-

chik, a defence adviser to Chancellor Helmut Kohl, said that he had expected an offer of unilateral reduction in short range missiles as well as troop reductions. However, most political and

newspaper comment was over-whelmingly enthusiastic, with much talk of new epochs open-ing. Several politicians called for a unilateral gesture from the West and even Mr Volker Ruehe, an adviser to Mr Kohl on disarmament, snggested that no new weapons should be put in place. The opposition Social Demo-

crats through Mr Egon Bahr said the offer could be the end of confrontation and the beginning of a "security patrner-ship." The SPD proposed a special Nato conference early next year to respond to the offer and the party's suggested response is a deep unilateral cut in the West's short-range

In the case of tanks, it would be close to half the present level, which would maan an

from New York, the supporters Moscow's imperial vision gives way to pragmatism

Margaret Van Hattem sees a loosening-up of the Soviet Union's hitherto tight control over its Warsaw Pact allies

THE IMPERIAL vision which inspires the creation and growth of empires is sustainable for only a limited time after which the imperial power, tired of its commitments, no longer inspired by the mission to expand, withdraws behind its original boundaries - Rome, Vienna, Lon-

... and now Moscow? Mikhail Gorbachev, surveying the Russian empire - in the USSR, in Asia, in Europe - in the wake of the Soviet experience in Afghanistan appears to bave detected that the

Russian appetite for empire is jaded. The scaling down of the military profile in the Soviet Union, outlined in his speech at the United Nations, indicates, in line with the shifts in Soviet foreign policy under his lead-ership, a search for a less frenetic global role - one which provides due scope for the influence due to a superpower but which abandons the

evangelical mission to export the Marxism-Leninism of 1918, its ideals and methods.

The cuts in troops, tanks, aircraft and artillery systems in the Warsaw Pact countries leave the Eastern bloc comfortable in its superiority over Nato in terms of strike power, should the need to strike arise.

But this looks more by the day like an insurance policy than an investment. The implications for East-West relations cannot be other than reassuring. Every bit as signifi-cant is the withdrawal of troops and tanks from those Eastern European countries where they were likely to he used. This heralds a completely new era in Moscow's relations with its satellites underwriting Gorbachev's earlier declarations that

Moscow claims no monopoly on wisdom and that its fellow Warsaw Pact countries should have more scope to find their own way.

Mr Gorbachev evidently has no plans to use tanks to keep his loos-ening empire in a straitjacket. Nationalist tensions within the USSR and in Eastern Europe already annear certain to threaten the integrity of the Russian empire in the remainder of the century and in coming decades.

We have already had a foretaste in Armenia and the Baltic states, but the unrest in these areas and Moscow's difficulties in dealing with it, are as nothing compared with the disruption which would result from a severe outbreak of nationalism in the Slav heartlands of the Ukraine

and Byelo Russia. Mr Gorbachev can be expected to maintain the strong, well-equipped military presence needed to achieve a controlled and orderly loosening of the bonds tying the Eastern European states and the other Soviet republics to Moscow, if humanly possible. But policies outlined in his UN speech represent a logical development of earlier hints at a diminishing role for Moscow and a scaling down of centralised

In many ways Mr Gorbachev has taken an enormous gamble, not least on the ability of the calcified Soviet system to accommodate the changes which will follow. Soviet administration - in industry, agriculture, social services, the armed services, infrastructure, is renowned for its rigidity, its inability to depart from The Plan and respond to changing circumstances or to meet unexpected

the inability of its personnel to use initiative, accept responsibility, take risks. Not only have they not been

untrained ex-servicemen onto an industrial sector undergoing a radical transformation from heavy industry, heavy engineering, mili-tary equipment to high-tech electronic defence equipment, consumer goods, infrastructure, communications and information technology (and this in a society with few insti-tutions for peaceful resolution of political conflict and even less for dealing with unemployment, home-lessness and social unrest) is breath-

taking in its audacity. Yet the scaling down of the miti-tary component - which has been the linchpin of so many elements in

tary hierarchy indicates a hitherto unsuspected confidence in his support in the other two legs of the tripod - party, military, KGB.

The Chinese huilt up their empire" on the doctrine that power grows out of the barrel of a gun. The Japanese are assiduously building theirs on the doctrine that power grows out of the bottom line of the balance sheet. And it is the Japanese with whom all aspiring economic imperialists will be contending in the decades to come. From this viewpoint, Mr Gorbachev's audacity begins to look like back-to-the-wall

requirements. It is unparalleled in Soviet society and the Soviet economy - as outlined by the Soviet leader at the UN - implies a tremendous disruption required to — they have been posi-tively discouraged from doing so. The idea of unloading 500,000 Mr Gorbachev's great leap forward and his readiness to upset the mili-

HI-FI MIDI SYSTEMS

TELEVISION · VIDEO TAPES



JEMBER 9 1988

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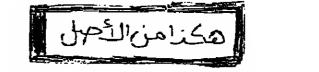
levels to 40% one country: more than 12% if tank level out by 25,000; 37,000

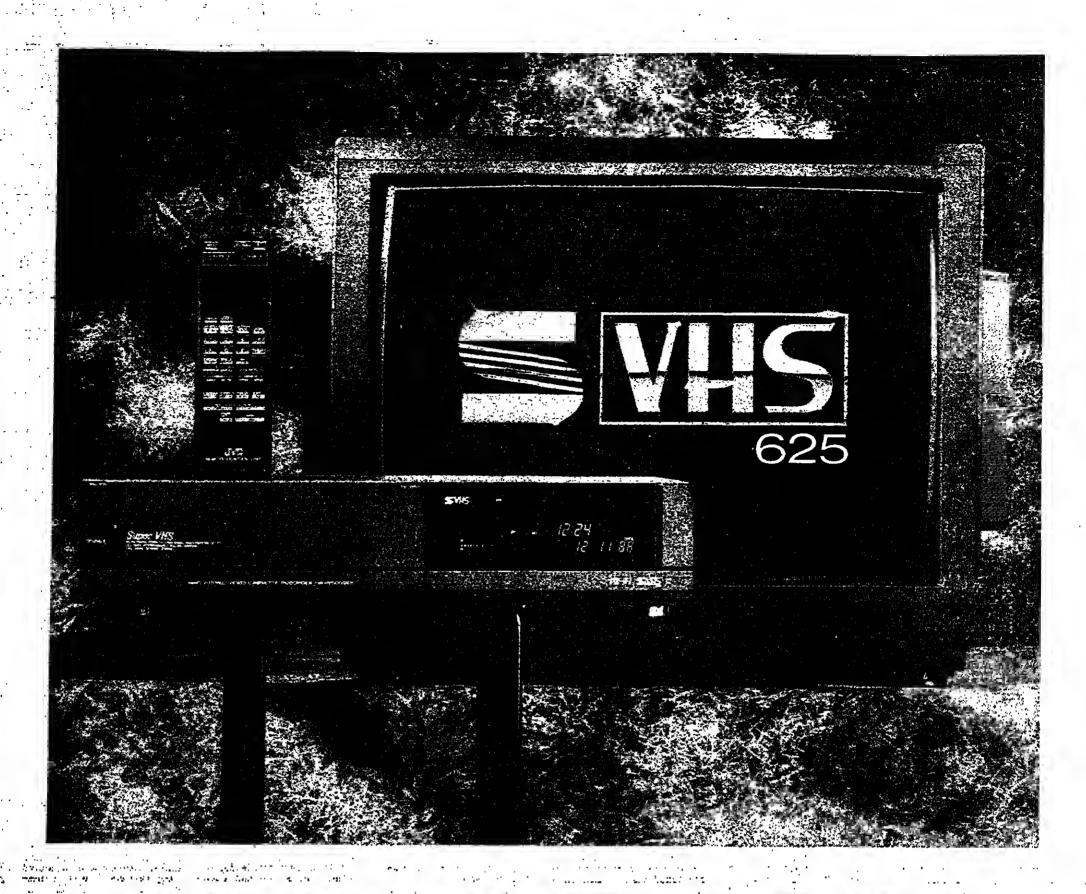
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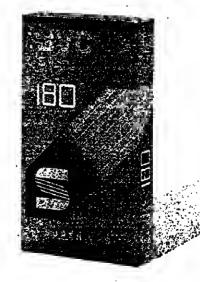
mat in the world — in fact 180 of the 200 $\,$

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Afghan resistance spurns Gorbachev ceasefire call

By Christina Lamb in Islamahad

AFGHAN resistance leaders have rejected yesterday's call by Mr Mikhail Gorbachev, the Soviet President, for a complete ceasefire in Afghanistan from January 1 and said that it might jeopardise the forthcoming second round of peace talks between the two sides.

Resistance party spokesman, Abdul Rahim stated, "Nobody has the right to stop the people of a country defending them-selves from an invading force. As long as there is one Soviet in Afghanistan the *jihad* (holy war) will continue."

The idea of a ceasefire was The idea of a ceasefire was originally proposed in July hy Mr Diego Cordovez, then UN mediator on Afghanistan. At the time it was rejected outright. Pakistan's late President Zia ul-Haq pointed out: "Afghans are born with guns in their hands and asking them. in their hands and asking them to lay down arms is like asking

Mr Gorbachev suggested the ceasefire to enable the urgent achievement of a hroad-based government and - in his first recognition of the symmetry agreement under which Washington gives arms to the muja-hideen as long as Moscow sends weapons to Kabul – said arms supplies to both sides should stop. He also proposed an international peace conference, ideas all previously suggested by the Kabul regime.

tion the resistance have already agreed to accept noncommunist regime memhers into the interim council suggested by the UN which would also comprise resistance representatives, intellectuals and Afghans in exile in the

West. They say they will com-promise no further.

The first high level peace talks between Soviet officials and Afghan rebels concluded in Saudi Arahia on Monday with the promise to meet again in mid-December.

Western diplomats in Islama-bad said Gorhachev's comments came "too little too late" and pointed out that the muja-hideen's struggle was against communism not just the Soviet Union. "Nothing they can say will make any difference until they drop the PDPA, the ruling communist party in Afghan-

Officials in Pakistan's For-eign Office and the UN believe there is every indication that Moscow will abandon the PDPA hut are holding onto them as there last bargaining counter to secure a safe passage for their troops out of Afghanistan and to be able to

withdraw "with dignity". Pakistan is no longer pressernment in Kabul, hut seems anxious for an end to the conflict which they fear could Conscious of the Soviet become ethnicised and spread desire for a face-saving solu-

ment rate is the lowest since May 1982. The burean's trend

estimate of the unemployment

rate, which takes irregular fac-

tors out of the data to identify the longer-term trend, has con-

employment, which is not sta-tistically significant, was offset

by a big increase in part-time employment, the bureau said.

A small decline in full-time

Australian unemployment

AUSTRALIA'S unemployment rate fell to a seasonally adjusted 6.7 per cent in Novem-ber from 6.9 per cent in October and fell from 8.0 per cent in November 1987, the Bureau of Statistics said Thursday.

The number of people employed, after adjustment for seasonal factors, rose to 7.453m in November from 7.445m in in November 1987.

S Korean car output passes 1m

start of this year reached 1,000,660 yesterday, the first time it passed 1m in a year, local car makers said, AP

reports from Seoul The tally is expected to reach 1.09m vehicles by the year's end, compared with the previous annual record of 979,739 vehicles in 1987, they

SOUTH KOREA'S production said. A series of labour protests of motor vehicles since the early this year reduced car production by 200,000, hnt Korean car makers increased output in

the latter half, industry offi-

cials said. The officials listed Hyundai Motor production so far this year at 594,645 vehicles, followed by Kia Motors with 225,267 and Daewoo Motor with 150,047 vehicles.

xpected to request a repeal of

the Stevenson amendment.

which prohibits Eximbank

credits to the Soviets. That request could well find support

in Congress, where Senator Robert Dole, the Republican

leader, has long supported an easing of legislation which ties Soviet immigration policies to

with US business and swell

More than 4,000 Soviet export offerings were on view

on the Co-operation Through

Trade exhibition with goods ranging from dolls to rubber

boots to advanced welding

machines and sophisticated

There are still horror stories

told of efforts to do business

with the Soviet Union, and the

non-convertibility of the rouble is often cited as a big obstacle.

However, a growing number of

companies have launched joint

ventures with the Soviets, who

have vowed to change their

current law to allow majority

One joint venture is to take

US copying and printing ser-

vices to the Soviet Union,

along with computer, software,

audiovisual products, books,

magazines and even American

souvenirs. Another will hring

Soviet bottled water and beer

to the US.

ownership by foreign firms.

engineering equipment.

trade benefits.

export earnings.

Bhutto set for criticism over delays on economy

By Christina Lamb in Islamabad

PAKISTAN'S new populist Government looks set to face a wave of criticism after it deferred expected initiatives in economic policy and instead revalidated the 1988-89 budget passed by the caretaker gov-ernment in June with what Ms Benazir Bhutto, the Prime Min-ister, describes as "a few minor changes".

Ms Bhutto and her Pakistan Peoples Party Government, which has a bare majority in the National Assembly, now face the unenviable task of defending the economic poli-cies they had criticised over the last six months as bringing the country to economic ruin.

Ms Bhutto argues that her hands were tied by an IMF

agreement entered into before the elections which imposed strict conditions, sncb as increased public service charges and indirect taxation, and price and exchange rate

controls.

Dr Mehbubul Haq, the former Finance Minister, however, points out that the Gov-ernment had signed only a letter of intent and the package which provides a much needed \$1hn over the next three years, has yet to go before the Fund's board and could be renegoti-

However, J.W. Stephens, the US rating expert, argues that Pakistan's creditworthiness is at an all-time low and is in no position to renegotiate condi-tionals. The longer you put off signing an agreement with the IMF the more the cost of

money increases."

Moreover Mr Mehbnbul Haq
maintains that the agreement
does not foreclose the Government's options. "Its essence is the objective — to cut the bud-get deficit from 8.9 per cent of GNP to 4.8 per cent over the

next three years. It is up to them how they do this. We are all agreed that belts must be tightened – the way is open for them to put all the burden on the rich but they won't because that will affect their own pockets."

Western diplomats also doubt that Ms Bhutto has the political strength to take the option of recalling bank loans, cracking down on tax evaders and imposing wealth and land taxes, in an assembly dominated by rich feudal leaders. "This would win her the love of the masses hut politically may be impossible. She may

talk socialism hnt we have yet

to see her actions match her rhetoric."

Kobelco to

Pretoria's Supreme court jails UDF leaders for up to 12 years

By Anthony Robinson in Johannesburg who stood in the dock when

THE LONGEST trial in South Africa's history ended yester-day when four leading members of the anti-aparthaid United Democratic Front were sentenced for up to 12 years jail in the Pretoria Supreme Court. The charges of treason and terrorism theoretically carried the death penalty.

Mr Patrick "Terror" Lekota general secretary of the UDF, which was described in court as the internal wing of the banned African National Con-gress, received 12 years. Mr Popo Molefe, publicity secre-tary and Mr Moss Chikane, Transvaal secretary, received 10 years each while Mr Thomas Manthata was given

six years. A further seven of the original 22 anti-apartheid activists

lesser sentences. Charges against 11 of the 22 were dismissed during the trial. The original 22 defendants were arrested and charged in connection with their alleged roles in fomenting and orches-trating the wave of black pro-test which originated in the townships of the Vaal triangle

the trial began in the Trans-vaal town of Delmas over

three years ago were given

east of Johannesburg in Sep-tember 1984. More than 2,500 blacks died in the two years of black-on-hlack violence and police repression which followed. Many believe that the violence became so protracted and anarchic partly because so

by teenage political mobsters wielding the feared hurning rubber tyre "necklace". The sentences were lighter

than defence lawyers had feared from the tone of Mr Jus-tice Kees Van Dikhorst's lengthy summing up. The court heard extenuating evi-dence from prominent South Africans including novelist Nadime Gordhmer and Mr Sam Motsuenyane, a leading htack businessmen who warned that harsh sentences would undermine hlack-white relations and intensify the bitterness of mil-lions of blacks who give their

detained under security laws.
This contributed to a leadership vacuum which was filled

Mr Nelson Mandela, the African National Congress leader, inctuding Archhishop Desmond Tutu, renewed demands mond Tutu, renewed demands yesterday for his unconditional release from prison, saying his transfer to a house on prison grounds just gave him a more luxurious cell.

The South African Congress of Churches also condemned the government's banning of welcome home meetings aranged to celebrate the release last week of Mr Zeph Mothopeng, the ailing president of the Pan African Congress(PAC). gress(PAC).

· Britain yesterday welcomed the decision not to return Mr lions of blacks who give their allegiance to the ANC.

Friends and supporters of Mandela to prison, but said much more needed to be done in South Africa.

the rapid conclusion of such an

wounds of recent days, there

was an immense sense of relief within Labour last night when

the central committee voted by

After ita self-inflicted

Peking assails liberal HK protestors

SENIOR Chinese government officials have strongly criticised liberal campaigners in Hong Kong for staging hunger strikes and other demonstra-tions during the past week to protest against provisions in the draft Basic Law which will govern the colony after t997, writes John Elliot In Hong

Lu Ping, a deputy director of the Chinese Government's Hong Kong and Macao Affairs Office, said in Canton that the hunger strikes were "a con-frontational act" which "could adversely affect prosperity and stability'

China is annoyed that liberal campaigners, who want a fas-ter introduction of direct elections and other democratic reforms in the Basic Law, are sticking to their claims instead of trying to compromise with more conservative groups.

Kaunda announces IMF visit to Zambia

President Kenneth Kaunda has announced that a team from the International Mone-tary Fund will be visiting Zambia later this month to examine Zambian programmes to revive the nation's failing economy, writes Nicholas Woodsworth in Lusaka.

"Hopefully they will agree with what we are doing," said Dr Kaunda, who indicated the possibility of a renewal of IMF lending programmes in Zam-

Zambia terminated a fouryear-old IMF-sponsored reform programme in May, 1987 following disagreements with the Fund over exchange rates and the Government's heavy subsi-dies on consumer goods.

China's growth put at 17.9 per cent

CHINA'S intractable economic problems were under-lined yesterday by State Statis-tical Bureau figures for November which showed the country's blgb industrial growth falling too slowly and shortages of energy and raw materials affecting a growing number of products. writes

At 17.9 per cent above the same month last year, tota industrial output grew with only a little less speed than in the peak month, September, when it hit 20 per cent. Output of light industrial products such as televisions and washing machines continued to rise. However, energy production rose only 5 per cent.

Labour to rejoin talks on Israeli coalition

By Andrew Whitiev in Jerusalem

ISRAEL'S centre-left Labour party last night reversed an earlier decision and voted heavily in favour of re-opening negotiations with the Likud bloc of Mr Yttzhak Shamir, the Prime Minister, on forming a hroad-based coalition govern-

The 1,300-member Labour central committee endorsed appeals by Mr Shimon Peres and Mr Yitzhak Rahin, the party's two senior leaders, to hack a call from President Chaim Herzog for another national unity government. Labour and Likud spent the last four years in a political cohabitation which frequently bogged down in acrimonious stalemate.

the first visit to China hy an Indian prime minister for 34

years from December 19 to 23, the Government confirmed yes-

terday, Renter reports from New Delhi

A government statement said Mr Gandhi would hold

extensive talks with his coun-terpart Li Peng and other Chi-

nese leaders and visit Xian and

talked about in India for sev-

eral weeks and the dates unof-

India's relations with

Peking, rarely better than

polite since the two Asian

ficially known.

The visit has been widely

sion clears the way for fresh talks between Mr Peres, Foreign Minister in the caretaker government, and Mr Shamir. In these discussions Labour will present a weighty list of preconditions, including full parity in the government and support for the Middle East

The central committee deci-

peace process.
In a determined effort to strengthen its own bargaining position, Likud yesterday concluded separate coalition agreements with the far right Tehiya party and the National Religious Party. Perhaps the most important commitment it signed was one to huild 40 new Jewish settlements in the occu-pied territories.

Indian officials were then saying privately they were con-cerned that Mr Gorbachev's

apparently successful efforts to improve relations with China

India is tied to Moscow by a

1971 friendship treaty and has close economic military and diplomatic links with the

Soviet Union.
From his first public state-

ment in Delhi, Mr Gorbachev

sought to ease those fears, say

ing Moscow's relations with India were solid.

would be at Delhi's expense.

Before yesterday's vote, top Likud politicians, including Mr Shamir himself, did not disfor Mr Peres, coming after a string of setbacks. guise their unhappiness over being forced into a narrow coalition with the far right and the nltra-Orthodox religious

Likud officials assured their

potential allies on the right that even if agreement is

reached with Labour over the

coming days, their latest policy promises will be honoured.

issue could emerge as a hig hurdle for Mr Peres, well

The controversial settlement

Repeated quarrels over min-

a majority of 630 to 390 to over-turn its executive hureau's aware of its international decision last week against accepting Mr Shamir's blandishments. The outcome was a badly needed personal triumph

The caretaker Prime Minister has another 16 days remaining of the second spell allotted to him by President isterial posts among the reli-gious parties have frustrated try to put together a coalition.

Nigeria faces pressure to reduce spending in 1989 MR Rajiv Gandhi will make versation last month when the first visit to China hy an Soviet leader Mr Mikhail Gorb-Indian prime minister for 34 achev visited Delhi.

NIGERIAN leaders discussed a deficit of \$2.1bn and was based 1989 budget yesterday which is likely to mean belt tightening for the nation's 100m people because of weak oil prices,

Reuter reports from Lagos.
Nigeria gets 90 per cent of its foreign exchange from oil earnings which were little more than \$5bn this year. Oil earned around \$20bn in 1984. Governors of the 21 states met in Lagos to consider bud-

get proposals drawn up by ministers earlier this week. Final decisions lie with an Armed Forces Ruling Council beaded by President Ibrahim Babangida who will announce the outlines of the programme on December 31.

A 1988 hudget projected a

Ore-for-carriages deal attracts Romanians

on an oil price of \$16 a barrel. The deficit stretched to \$5.5bm in the first six months alone as oil dropped \$3 to \$4

The British High Commission, outlining a British initiative to contribute \$100m to a package of foreign grants, said this week that Nigeria would need \$300m to \$500m extra assistance in 1989 to maintain essential imports and avoid defaulting on debts. The country owes some \$27bn.

\$5.6bm of bank debt next year hinges on IMF approval of an economic and financial pro-

He also said Moscow would carry on its effort to improve giants fought a border war in 1962, were a prime topic of con-

WORLD TRADE NEWS

India confirms timetable

for Gandhi trip to China

US may support easing of **Cocom controls**

By Nancy Dunne in Washington

DR Paul Freedenberg, the US Commerce Under Secretary. vesterday reasserted a need for caution in strategic trade with the Soviet Union but envisaged US support for changes within the Western alliance's Co-or-dinating Committee for Multilaterial Export Controls (Cocom) perhaps as early as

Although reluctant to commit the next Administration to acy action, Dr Freedenberg said that he was "encouraged" by Mikhail Gorbachev's pledge to reduce Soviet troop levels. "When we see concrete steps. we will then make our our assessment on strategic changes, but this is no time to let our guard down," he said.

Dr Freedenberg said that the US bad demonstrated its flexibility within Cocom hy supporting an easing in rules gov-erning high technology changes to China, and it was prepared to be similarly flexihle with the Soviet Union.

Even before Mr Gorbachev's arrival. US officials were stressing the potential for the growth in non-strategic trade and even envisioning eventual Soviet membership in the General Agreement on Tariffs and Trade, the International Mone-tary Fund and the World Bank. Mr John Whitehead, the deputy secretary of state, this week said that continued good behaviour "over several years" could bring US support for Soviet memhership in the international trade and lending

institutions. Despite the antipathy here to European loans to the Soviets. the next Administration may even consider US Export-Import bank financing of Soviet

Mr Whitebouse, in fact. defended the European credit lines, saying they are extended for purchases of non-strategic trade, and that "the facts don't

build \$9m excavator plant By lan Rodger in Tokyo Mr Gothachev has been

KOBE STEEL, Japan's third largest hydraulic excavator maker after Komatsu and Hitachi, is investing \$9.1m to build a plant to make excavators in Georgia in the US. It is the fourth Japanese con-

struction equipment group to plan manufacturing in the US.

Komatsu opened a plant in Tennessee last year and Hitabi and Sumitomo Heavy Industries also have plants. Kobelco said it was making the move in part because its existing plant in Japan was The Soviet leader yesterday paused before flying home to formally open his nation's first US trade fair, an event sponsors hope will forge new links operating at full capacity, making more than 800 units per month. The company sells 800 to 900 units a year in the US. Assembly of knock-down kits imported from Japan is expec-ted to begin at the new plant in July next year, at a rate of approximately 1,000 units per year. Plans call for raising US

content to 65 per cent in the medium term. Kobelco said the company had no plans "at the moment" to make excavators in Europe. The company withdrew from EC markets in 1985 after the imposition of dumping daties on Japanese excavator makers. It now sells about 400 units a year to Western European

countries outside the EC. The company recently discussed joint venture manufacturing in Europe with Volvo and the Brown Group of the UK but nothing has so far come of the talks.

E-W shrimp deal

Six companies - Eastman POLPRODUKT, a Dutch fruit Kodak, Ford Motor, Archerand vegetable importer, and Wola of Poland have signed a Daniels-Midland, Chevron and Johnson & Johnson - are joincontract worth \$125m for processing shrimps in Poland for ing in the American Trade Consortium in a programme designed to run for 15 years. A deal establishing a set of principles which would allow the five years, one of the largest deals hetween a non-state-owned Polish company and a western partner, writes Chriscompanies to reap hard-curtopher Bobinski. Polish labour rency profits, is expected to be finalised in January. will be used to peel 600 tonnes

of shrimps a week.

Judy Dempsey on an unusual long-term contract with an Australian businessman A N Australian entrepreneur has landed a long-term contract with the Romanian anthorities, despite initial scepticism by many Australian officials.

tralian officials. Mr Lang Hancock, regarded as a hard nosed businessman with little time for hureaucrats and politicians, arranged the deal after several years of patient negotiations with the Romanian

authorities The deal involves Mr Hancock shipping from Australia to Romania a total of 50m tonnes of iron ore over 15 years, and is worth over A\$1.5bn (£700m).

Test runs, aimed at assessing the quality of the unloading equipment at the vast port of Constanta, in the south of Romania, as well as of the iron ore itself, were first started this year. Since then, the Romanian authorities

have installed two new unloadera, which were built by Voest-Alpine, the Austrian state-run steel and engineer-ing group, at a cost of \$25m each. These new unloaders have enabled the iron ore deal to run relatively smoothly, so that the first official batch of 150,000 tonnes arrived in Constanta last August and regular shipments are now in train. The apparently successful contract, has, however raised many questions about the precise nature of the deal as well as about why any Australian would undertake such a long-term contract involving the transport of such bulky cargo to a country whose econ-omy is facing serious difficulties. First, there is the Romanian demand

for iron ore. The country has an annual requirement of 18m tonnes of iron ore for its steel industry. It simply does not have such stocks, and so has often imported the short-falls from India, either for cash or barter.

The attraction of the Hancock deal is

that the Romanian authorities will have to pay nothing in hard currency. The deal involves only compensation goods. In return for delivering the iron ore, Mr Hancock will receive railway carriages and mining equipment which can help huild up the infrastructure at Mount Newman, Western Australia. Most of the iron ore exports to Romania are from the Mount Newman

In addition, Romania is also trading food, textiles and some leather goods to Australia. Those goods which Mr Hancock cannot immediately make use of are diverted to Burwell, his countertrade company based in Hong Kong. But Anstralian businessmen who have watched the flowering of this remarkable deal believe Mr Hancock's use for Romanian dump-carriages must eventually reach saturation point and

eventually reach saturation point and that the deal must have some longer-term attraction for him. They are right. "Hancock has a vision" was how one senior Australian trade official put it. The vision involves Mr Hancock selling iron ore, not only to Romania but, by shipping it up the Danube Black Sea Canal, to Czechoslovakia, Hungary and goven Poland. even Poland.

Negotiations have been taking place over the past few years between Mr Hancock and officials scattered throughout the capitals of Eastern Europe, as well as in Moscow. Some

mines, owned by Broken Hill Propri-etary, of which Hancock holds the roy-so far, the Romanians have been the so far, the Romanians have been the only ones to sign, while the Czechs are now doing a test run on a small quan-

tity of Mr Hancock's iron ore. According to some Australian offi-cials, his real aim is to capture the East European market, which could prove useful if and when McCameys Monster

is developed.

McCameys Monster, which Mr Hancock also owns, is thought to contain the largest iron ore deposits in tha world. But to tap such resources, Mr Hancock has to build from scratch a large infrastructure. In the meantime, he has seemingly

defied the sceptics by getting the iron ore deal with Romania up and running. And more besides. Despite lukewarm official attitudes towards the scheme, he may have indirectly helped improve trade between Romania and Australia which, in fact, looks set to increase. In recent years, exports to Romania hovered around A\$130m-140m a year. Australian trade officials now say it is

Latin America 'should use ecus'

By David Buchan in Brussels

A SWITCH in denominating European trade with Latin America from dollars to the European currency unit (Ecu) could improve exchange risk coverage for traders in hoth regions, according to a report eleased yesterday.

The study, carried out by Bocconi University in Milan for the European Commission, examined EC trade with Argentina, Brazil, Colombia and Venezuels and revealed that two-thirds of this was

denominated in dollars, giving rise to exchange rate risks for both buyers and sellers. The Bocconi report responds

to the Commission's general desire to promote both private and official use of the Ecu, seen here as the germ of an eventual single European cur-

To promote Latin America's use of the Ecu, the report suggested that the EC should denominate all its aid funds to the region in Ecus, create loog-term Ecn zero-coupon bonds which Latin American But the Italian authors of the study said they detected a willingness by big European governments could huy to reduce their bank debt as corporations to make more use of the Ecu, which, as a com-Mexico has done with US Trea-

Agusta wins Belgian order for military helicopters By David Buchan in Brussels

AGUSTA of Italy yesterday beat off competition from MBB of Germany and Aerospatiale of France to win a BFrahn (\$222m) order to supply the Belgian Government with 45 A-109 military helicopters. Mr Guy Coeme, the Belgian

an extra £55m worth of antitank weapons would be bought from Saab of Sweden to equip the new Agusta helicopters. which will replace Belgium's ageing Alouette machines, some of them 30 years old. Off-set work worth 73 per cent of defence minister, also said that the value of the total order will

be placed with Belgian industry, the minister said. Main local sub-contracts will be placed with Sabca, Sonaca and Alcatel-Bell, with 54 per cent of the offset work going to Flan-ders, 38 per cent to French-speaking Wallonia and 7 per cent to the Brussels area.

posite currency beavily influ-enced by the D-mark, proved a

more stable medium of

exchange than the US dollar.

Cashmere joint venture stakes sold to US group

fast approaching A\$200m.

By Larry Luxner in San Juan, Puerto Rico

AFTER two years of ther deter Puerto Rico's Govexhausting and sometimes bitter negotiations, the Chinese and Japanese partners in a three-way cashmere sweater venture have sold their interest in MTEX Puerto Rico for \$1, under the terms of a memorandum just signed in Peking. The agreement also provides \$900,000 (£480,000) to Mr Richard Millman, chairman of Transworld Group of Washington, for his company's invest-ment in a Chinese factory which was to have produced the raw yarns. "They've released all their interests in Puerto Rico, and we're buying back our interests in China," said Mr Millman. "It started off as a team effort, and I would have liked to see it continue the way it did, but they chose to relinquish all their investments for one dollar." Mr Millman said be expected

(GDB) from foreclosing on his \$5m factory in Rio Grande. He said it would remove any doubts as to the management of the company by putting the Rio Grande wholly into the hands of Transworld Group. "I believe the money will be forthcoming. We're taking orders right now (for cashmere yarns)," he said, though he

declined to discuss the con-

tents of a 29-page business plan

submitted last month to the

ernment Development Bank

Mr Millman says the factory in China never produced more than five tons of cashmere yarn, far less than the 60 tons it agreed to sell to Puarto Rico to make sweaters for the US.

Only a handful of people are at work at the gleaming plant in Rio Grande, far fewer than the 350 Mr Millman said would this latest development to furbe employed there now.

RJA-332FTF

Should you buy the car you want or the car you need? Do your aspirations incline you towards a quality car that's rewarding to drive, prestigious and built to the highest standards of engineering, from engine block

to door handle? Or are you constantly more seats, more space, that's easy to drive and easy to park in a busy shopping precinct? At first A Mercedes-Benz for you.

ng

it may seem difficult to comprehend how the T-series

can encompass virtues associated with not only a luxury car but also a functional estate. Difficult, that is, until you remember it is first of all a Mercedes-Benz.

Unlike most estate cars, driving a T-series is not akin to pushing a shoebox against the wind. Its slippery shape is devoid of unnecessary adornment and the lack of wind noise is self-evident as it accelerates with smooth, effortless energy to reach its cruising speed in a matter of seconds.

Only the cavernous loadspace in the rear will remind the T-series driver that it is indeed an estate car. With the rear seat folded down, over six feet of fully usable flat-floored space is provided.

enture

group

And even with the loadspace completely occupied, the multi-link rear suspension system, incorporating a self-levelling device, maintains the car's composure and results in a relentlessly sure grip and smooth ride.

VERSATILITY IN NUMBERS

There are five models in the range. Top performers are the three litre 300TE and the new 300TE 4-matic (which has the sophisticated Mercedes-Benz automatically engaging four-wheel-drive system). Their six cylinder 188 DIN/hp power units deliver lively acceleration and high top speed. While at low speeds



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

they can draw on massive reserves of torque which reaches a maximum of 191lb/ft.

The 230TE is no slouch either. Its 2.3 litre single ohc, fuel injected, four cylinder engine makes it much sought after, as is the four reminded you need a practical car with An estate for the family. cylinder 2 litre 2007. The most economical T-series is the one that doesn't use petrol at all. The diesel powered 250TD has an engine so refined the uninitlated might not even be

> All share a range of safety features invented by Mercedes-Benz, not least of which are the energy absorbing crumple zones with rigid passenger safety cell and electronic seat-belt tensioners for front seats.

able to tell it's a diesel.

PRACTICALLY BACK TO FRONT

You expect an estate car to be versatile but how versatile should you expect a Mercedes-Benz to be? The T-series will not disappoint you. It is a car that has a generous amount of everything you need: loads of space and long-distance comfort; a full measure of driving enjoyment and exclusive features. Example: the large, wide-opening tailgate glides on two gas-filled struts and is assisted by an ingenious electro-mechanical mechanism that moves the lowered tailgate to a fully closed position and locks it without slamming.

The front passenger seat fully reclines and the rear seat divides so that both or either of the two sections can be folded forward. This provides five different variations for small loads, big loads and awkward shapes.

With the optional, rear-facing, third row of seats, there is accommodation for up to five adults and two children. So while you drive around in your estate, the rest of the family sit in the luxury of a Mercedes-Benz.

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FINANCIAL TIMES

MONTREAL TRADE TALKS

Peter Montagnon and William Dullforce look at the issues covered in Gatt's midterm review

Agreement on farm trade reform eludes negotiators

MONTREAL

negotiating group.

This paper simply called on the ministers to make a basic

choice between long-term elim-

ination or substantial reduc-tion of trade-distorting subsi-dies as the ultimate objective

of this part of the Uruguay

to prepare guidelines for

reform to cover import access, export competition and inter-

a freeze on overall support and

negotiators to work out a com-

prehensive agreement for

stronger trade protection of

patents, copyrights, computer chip designs and other intellec-tual property.

the full scope and use of IPR.

Their text called for the elaboration within Gatt of stan-dards and principles covering

In response to developing

countries' concerns, the richer nations stipulated that the

results of the Gatt negotiations should not conflict with obliga-

tions under existing conven-tions on intellectual property.

developing countries found these assurances inadequate and submitted alternative

However, India and 14 other

Objections prevent deal on

intellectual property rights

It went on to urge ministers

PARTICIPANTS AT tha ministerial trade talks here ministerial trade talks here came close to giving up in their attempts to reach agreement on world farm reform during the long night of negotiations which ended only at 8 am local time yesterday.

am local time yesterday.

They were brought up short in the small hours of the morning, however, when Mr Daniel Amstutz, US Farm Negotiator, told them it was time to start preparing public opinion for failure by writing, instead of an agreement, a press release announcing that they were giving m.

That prompted one last effort to resolve the problem. This was due to begin in ear-nest only later yesterday but it is clear that the tentative agreements reached in the areas of services, tariffs, disareas or services, tarms, dis-pute settlement and surveil-lance hang by a thread. They could all collapse if the farm question is not settled satisfac-

By yesterday morning the US and EC were considering a way out which would involve sending negotiators back to Geneva to continue their work on the basis of the paper produced for this week's meeting Mr Art de Zeeuw, the Dutch airman of the permanent praised here for the clarity by Mr Art de Zeeuw, the Dutch

STRONG resistance by India

and other developing countries

was blocking an agreement by trade ministers yesterday on

how to negotiate sterner rules

how to negotiate sterner rules for the protection of intellectual property rights (IPR).

After all-night talks under the chairmanship of Mr Yusuf Ozal, Turkish Minister of State, the Third World group was still trying to prevent primary responsibility for IPR matters being transferred to Gatt from the World intellectual Property

the World Intellectual Property Organisation (Wipo). The US, the European Com-

munity, Japan and other devel-

oped countries thought they

had obtained general support

for a document instructing

with which it sets out all the issues surrounding farm reform, the idea of simply turn-ing it into the basis for continuing negotiation met resis-tance from the Cairns Group of 13 independent exporting coun-

Officials from these countries were angry that the Mon-treal meeting might end with no agreement on how to tackle long-term reform of agricul-tural trade.

During the long night of talks, short-term measures to farm reform were barely dis-cussed, delegates said. Instead the debate simply circled around the continuing US insistence on long-term elimi-nation of subsidies as an ultimate goal and Europe's refusal to accept such an absolute

Even extensive recourse to Roget's Thesaurus rustled up by the Gatt secretariat for Mr Clayton Yuetter, US Trade Representaive, failed to pro-duce an alternative form of language which both sides

could accept.

Developing country resentment over the resulting impasse prompted them to maintain blockages in both the talks on intellectual property nal support as well as short-term elements including

instructions for their negotia-

tors in Geneva.

These would leave it to Wipo

to determine international IPR

The Indians also insisted that an "an appropriate bal-ance" had to be struck between

IPR protection on the one hand and the developmental and

technological needs of develop-

ing countries on the other.

Wipo than in Gatt.

Dispute ruling may still be ignored

A COUNTRY that has lost a disputes case under the Gen-eral Agreement on Tariffs and Trade will still be able to refuse to implement the find-ing of the panel. A change on this is not included in the provisional agreement on dispute settlement that emerged yes-terday from the ministerial

terday from the ministerial meeting in Montreal
Ministers rejected a recommendation that the two parties to a dispute should be denied the power to block adoption of the findings of a disputes panel by the Gatt's ability to settle disputes has been strengthened in several other ways. In particular the speed and efficiency with which Gatt can act to resolve disputes will be considerably enhanced.

be considerably enhanced. Starting next year, Gatt will introduce on a trial basis an obligatory initial arbitration procedure and set a clear time limit for establishing a panel after a complaint has been

for appointing the members of the panel and for the comple-tion of its work. If there is no

tion of its work. If there is no agreement on the three members of the panel within 20 days of its establishment, Gatt's director-general will be able to appoint them.

Delays in the adoption of panel reports by the Gatt council will be curbed and above all a closer watch will be kept on a country's implementation of a finding that soes against it. goes against it.

A country with a trade grievance will be able to start action more quickly.

The European Community and Japan were among those who refused to remove tha The US and its allies consider Wipo an ineffective organisation that has so far power of disputants to block adoption of a panel finding in the council. By tradition, council decisions require a failed to protect the rights of their pharmaceutical, informat-ics and other manufacturers. Developing countries have more powerful influence in consensus of all Gatt mem-

The EC was in fact divided on the issue. Britain, West Germany and the Netherlands would have accepted a "con-sensus minus two" rule but France, Denmark, Greece and some other member states

System to monitor members' policies

Participants at the meeting believe the Gatt surveillance system may be more successful in influencing the policies of industrial countries than the equivalent mechanism already

equivalent mechanism already operated by the International Monetary Fund.

This is because the Gatt reports will be both discussed in its Council, creating a high degree of peer pressure, and published

According to the text of the According to the text of the agreement the objective of the reviews will be "to examine the impact of a contracting party's [member's] trade policies and practices on the multi-lateral trading system".

They are not intended to serve as a basis for enforcement of specific Gatt obligations or dispute settlement pro-

tions or dispute settlement procedures, or to impose new policy commitments.

However, the scope of the mandate is such that it would,

THE General Agreemant on Tariffs and Trade (Gatt) is expected to introduce a new system of monitoring the trade policies of its member countries, following tentative agreement reached here early yesterday morning.

Participants at the meeting

The four leading trading powers - the US, EC, Japan and Canada - will be reviewed every two years, the 16 next biggest every four years, and

others every six years.

However, officials from both
Gatt and the IMF believe the surveillance system being introduced by Gatt creates scope for it to pull greater weight in the world economic

Mr Michael Camdessus, IMF Mr Michael Camdissus, Mr managing director, announced here that his organisation was willing to help finance tempo-rary balance of payments problems in developing countries caused by their adoption of lib-eral trading policies.

eral trading policies.

According to Gatt officials this is a new concession by the IMF. It means that, although there are as yet no institutional measures for co-operation, the two organisations are already poised to help each

Developing countries to be heard on services

THE INTERESTS of developing countries are to be taken into account in future negotiations on liberalising trade in services, according an agreement reached by ministers here. The talks should aim at "a

progressively higher level of liberalisation taking due account of the level of development" of individual countries, the text of their provisional

It was initially unclear whether the European Community had succeeded in introducing into the document an effective multilateral version of its

concept of reciprocity.

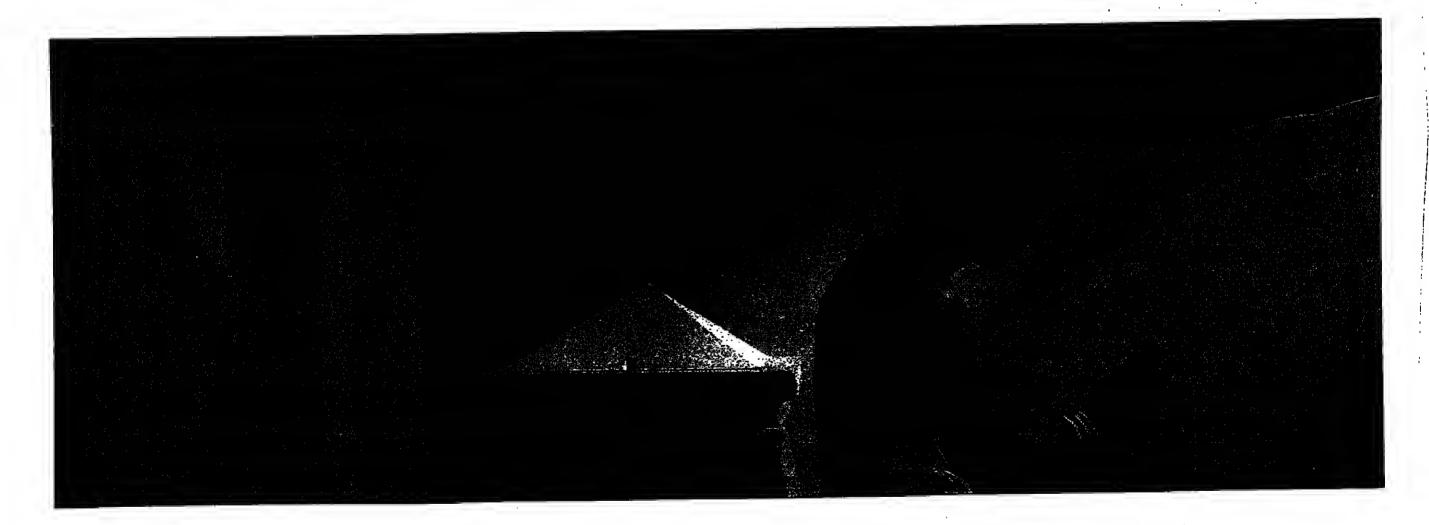
The US secured a right to separate out individual sectors from the agreement "for certain overriding considerations". Officials said this should allow it to treat any disputes with the EC over reciprocity specifically in financial services outside the multilat-

eral framework. The document spells out key rne accument spens out key principles which will apply to liberalisation of trade in ser-vices. These are not being treated as obligations as the US had requested. They establish national

freatment as a yardstick, so foreign suppliers are treated as favourably as domestic ones. Among the other key con-cepts listed in the document are transparency and non-dis-crimination, safeguards and exceptions and recognition of

developing countries' right to introduce new regulations. The transparency provision aims at insuring that information on all laws, regulations and administrative guidelines relating to services should be made freely available.

The safeguard section calls for further negotiation on provisions allowing exceptions to basic rules.



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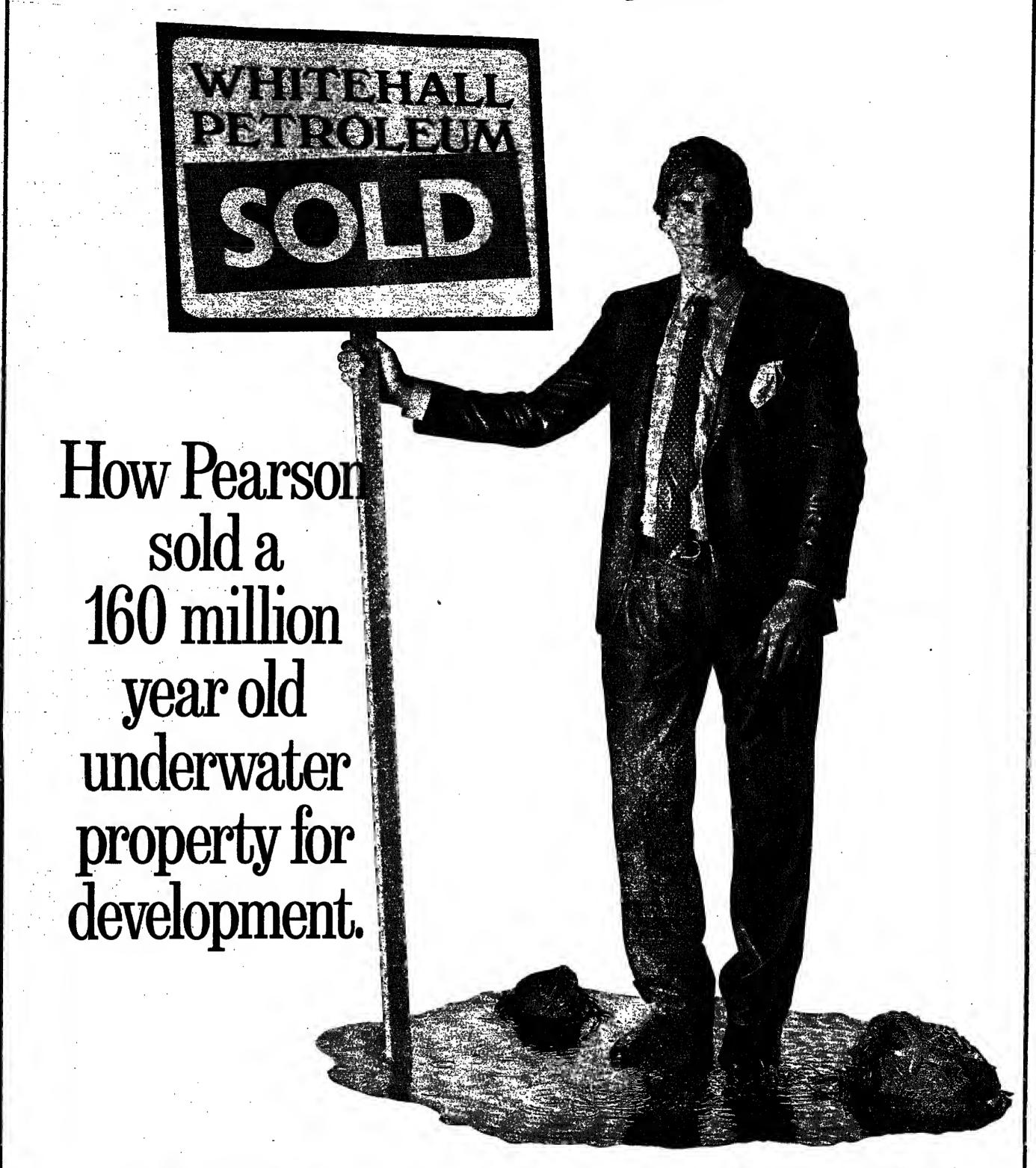
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On the surface, the last few years in the North Sea have looked anything but rewarding.

But with the sale of Whitehall Petroleum, Pearson have produced a threefold return on risk capital over four years.

We did it by intelligent research. By making shrewd purchases. And by backing a first rate team. It was so successful in finding oil that we were faced with a dilemma: either to realise a substantial profit, or to invest heavily in a business where we had no lasting competitive advantage, and where the returns would not come until well into the next decade.

We sold the business for £94 million.

After 160 million years it was precisely the right time to sell.

PEARSON

for Clowes' **UK** investors

THE 7.000 investors in Barlow Clowes Gilt Managers, the UK end of the collapsed investment firm, will have their

ment firm, will have their hopes of getting most of their money back before Christmas dashed on Monday.

Instead, they look set to receive just a quarter of what they invested, leaving about \$40m of the \$52m tied up by legal bureaucracy.

The fact that UK investors were expected to get most of

The fact that UK investors were expected to get most of their money back soon was said by Lord Young, the trade and industry secretary, this antumn, to be one reason why the Government did not need to put together a rescue package for UK investors.

The Government has consistently denied any responsibility.

the Government has consistently denied any responsibility for the Gibraltar-based arm of the group, Barlow Clowes International, whose 11,000 investors are likely to bear the lion's share of losses in the group. The joint liquidators, Cork Gully and Ernst & Whinney, have not indicated when a payment will be made to these

eople. The liquidators will go to the High Court on Monday to ask for permission to pay investors in the UK fund 25p for every £1 they invested. This is despite the fact that more than 95 per cent of the £54m invested in the fund was recovered almost immediately after the Barlow Clowes collapse six months

go. The liquidators said in The inquidators said in August that a "substantial" payment was to be made by Christmas. Although they did not say how much this would be, it was hinted that all but a small proportion of the money would be paid out.

However, legal complications

However, legal complications mean that investors will not get thair money back until next year. The difficulties have arisen over the amounts due to each of the 10 different catego-ries of investor in the UK fund. Clowes granted hall, Page 14

Payment setback Kinnock heralds new era of democracy

Philip Stephens talks to the Labour leader about the party's strategy for the future

R NEIL Kinnock, UK Labour leader, yesterday promised further significant steps to extend democracy in the Labour Party linked to the principle that key policies should be decided on the basis of one-member, one-

In an interview with the Financial Times, Mr Kinnock also argued that the Soviet Union's arms control initia-tives should have removed the need for conflict within the Labour Party over its approach to Britain's nuclear deterrent. He suggested that Polaris and its successor, Trident, could be scrapped as a result of direct bilateral negotiations with

On the economy, he under-lined the party's new emphasis on what is termed "supply-side socialism," and indicated that its commitment to take back control of the major utilities into the public sector did not necessarily imply complete re-

Alternatives might include swapping shares for debentures, a large state minority shareholding or some variation of "golden share" arrange-



Neil Kinnock (centre) with Ron Todd, TGWU leader (left) and Martin O'Neill, Labour'e defence spokesman, at a meeting with workers from Vickers Defence Systems

was not yet sure what the final shape would be of work in the National Executive to extend the practice of individual voting. He added there was little immediate prospect of disman-tling the trade union block vote system at annual party

Over the longer term, how-ever, it might be that the party would eventually move to a

"Swedish model" in which rank and file members were constantly involved in policymaking. Ha insisted that: There will be a one-member, one-vote party and it will come about pretty quickly."
In parallel, block votes cast hy the trade unions would be

ncreasingly based on decisions taken by their individual mem-bers rather than by union executives, the general advice or

"We are seeing at the moment very strong trade union involvement ... in the ancouragement of the extension of balloting in decisions over who to vote for and, I think in the next stage, of what to vote for, he said.

Mr Kinnock's comments on defence, one of the most crucial areas of Labour's present policy review, give a clear indi-

ABOUT 3,000 memhers of Lloyd's of London are likely to

receive at least £12m in a set-tlement of the Bellew, Parry and Raven affair, in which four

wealthy Lloyd's insurance pro-

fessionals channelled money from the members' funds into

companies the four men con-

trolled in offshore tax havens. The news came as Lloyd's

fined the four a total of £600,000 plus legal costs of £330,000 and banned them from membership of the market for periods of between two years

The case is the last to be cleared up of a number of scan-

dals involving offshore reinsur-

ance transactions which sur-

Bank, UK clearing bank, has given notice to union leaders

that it intends to extend perfor-mance related pay schemes to junior managers from March 1991, writes Michael Smith. The bank outlined its plan in its pay offer to staff for the

year beginning January 1.

By Nick Bunker

Lloyd's settlement

may exceed £13m

faced at Lloyd's in 1982.

UK, Bermuda, the Isle of Man, and the Cayman Islands to Henry Bertram Grattan-Bellew, gain substantial financial bene-Mr John Raymond Parry, Mr fits for themselves

NatWest to extend performance pay

NATIONAL Westminster of clerical staff by 5 per cent

cation of the mixture of unilateral, bilateral and multilateral nnclear disarment

Labour's foreign policy and defence team plan to visit Moscow early in the New Year. That trip may be followed by a visit from the Labour leader. Mr Kinnock said yesterday that unflateral measures under a Labour government could include test bans, action on nuclear depth charges and on tactical weapons. Bilateral steps would relate to Polaris and Trident and there was good reason for suggesting the Soviet Union would respond with weapons cuts.

with weapons cuts.

Multilaterally, he added, the foot was already on the accelerator. Mr Gorbachev's announcement at the United announcement at the United Nations had changed the balance of argument-about stategic arms reductions and put tha world "seriously in the business of build down."

Pressed on whether Labour would get rid of Polaris and Trident nnilaterally, if for some reason Moscow would

soma reason Moscow would not negotiate, Mr Kinnock insisted that question did not deal with the reality as it currently exists and will continue to exist."

Frederick Charles Raven, and

Mr Edward Nelson. The first three were execu-

tives of the Bellew, Parry &

Raven group of insurance

broking and management com-panies, which ran 11 Lloyd's syndicates:

1969 and 1982 in using a net-

work of 70 companies in the UK, Bermuda, the Isle of Man,

Mr Nelson was a leading

Sales up but retailers remain pessimistic

By Ralph Atkins, **Economics Staff**

BRITISH RETAIL sales grew strongly in November but retailers are pessimistic about husiness prospects in the next three months, according to a survey published yesterday. The Confederation of British Industry/Financial Times distributive trades survey shows

growth in sales recovered last month after slowing in Octo-ber. Strong growth in Christ-mas sales is expected to con-tinue this mooth.

The pacults gave the Continue this mooth.

The results gave the first pointer to sales trends in November and expectations for coming months. They suggest consumer spending remains robust despite the steep increase in interest rates.

The picture remains confused, however. Taking as a guide the difference between the proportion of retailers expecting their business situa-

expecting their business situa-tion to improve and those expecting a deterioration, the survey concludes optimism about the next three months was the lowest since the sur-

vey began in 1983. November's figures for sales volumes could have been distorted through price cutting by retailers in the run-up to Christmas. This could reflect optimism about this month but

gloom about the new year.

Mr Nigel Whittaker, chairman of the survey panel, said: "The improvement in sales growth in November must be seen alongside the marked slowdown reported in October. In view of rising interest rates, the outlook is still for much slower growth."

The confusing signals about the outlook have unsettled financial markets which have been hoping for a slowdown to ease inflationary pressures.

Lloyd's non-marine under-writer who was in line to be the market's deputy chairman and chaired a working party on US asbestos-related claims. A Lloyd's disciplinary report said none of the four was guilty of dishonesty, but they were guilty of some of 132 charges of misconduct between Miners vote on

new wage offer MEMBERS of the Union of Democratic Mineworkers began voting yesterday on whether to accept a revised pay offer agreed between their leaders and British Coal.

The 22,000-strong UDM last month rejected the first offer because they were unhappy with unsocial hours payments. These were later revised by British Coal during 15 hours of

Basic pay will rise by £8.15 a run for two years if accepted. Voting, under the auspices of the Electoral Reform Society,

and is offering an annual bonus of between 2.5 per and week for underground workers and by £7.35 a week for surface men under the deal which will 3.5 per cent. The offer still falls short of union claims, however. The NatWest Staff association is

took place yesterday and will continue today with the result expected on Monday.

Former BBC chief attacks media ban

shortage of accountants

THE INSTITUTE of Chartered 1990s Accountants has agreed a package of measures to attract more non-graduates into char-tered accountancy in England and Wales in a bid to reverse the long-term trend to an allgraduate profession.

Institute in bid to reverse

The move is one of the clearest signs yet of employer concern about the growing pace of competition for graduates which is likely to intensify sharply as the number of 18-20 year olds decreases in the early

November 1988

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By David Thomas, Education Correspondent

About 90 per cent of the 5,700 new entrants to chartered accountancy in England and Wales each year are graduates, with most of the rest having taken a one-year foundation course at a polytechnic followed by four years' training and study with a firm.

The institute yasterday announced a five-point pack-

This announcement appears as a metter of record only.

\$330,000,000

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age of measures to encourage more non-graduates into the profession.

By John Mason GOVERNMENT'S

restrictions on broadcasters directly reporting statements by representatives of Northern Irish terrorist organisations should be challenged in the courts, a former vice-chairman of the British Broadcasting of the British Broadcasting Corporation urged yesterday.

In a debate on the restrictions in the House of Lords, the upper House of Parliament, Lord Bonham-Carter (SLD) said the BBC or Independent Broadcasting Association should seek a indicial review

and take the issue to the Euro-

pean Court of Human Rights if He said the ban threatened

hroadcasters' ability to fulfil their legal obligation to report impartially.
"It could and should be

argued that the order makes it impossible to carry out that impartiality for which they A court judgment would establish for the first time the extent to which the Govern-

ment could over-ride the liber-ties of broadcasters, he said.

The restrictions were deeply

patronising and did not trust people to make up their own minds,

But the restrictions were supported by Lord Aylestone (SDP), a former chairman of

He said both the BBC's charter and the broadcasting legis-lation under which the IBA operates gave both the authority to prevent such direct access being given to terrorist

Both had failed to do this so Government action was regrettably necessary.

Unions angry as Lords rejects VDU health rule

TRADE UNION officials and voluntary organisations yes-terday reacted angrily to a parliamentary report which rejects a European Commis-sion directive to regulate the use of visual display units (VDU's) in light of potential

health bazards. The report, issued yesterday by the House of Lords' select committee on the European Communities, states scientific evidence that VDU work

causes serious health hazards is "weak."

Whila accepting there is public concern about the potential health hazards and that musculo-skeletal disorders and psychological stress "may be associated with VDU" use, it claims this may not be enough to justify implement-ing the directive.

The directive, which was

submitted to the EC Council of Ministers in March, lays down minimum safety and health requirements for work with VDUs. It also sets out obligations on member states and employers to ensure adequate safety standards and provide employees with information and training.

The parliamentary commit-

tee argues, however, that most of the problems regarding VDU use can be prevented by good management and organi-sation, together with good information and training.

Manufacturing, Science, Finance (MSF), the 650,000-strong technical union, said it had evidence that health hazards related to VDU use were on the increase. It also insisted that most UK employers would make little effort to resolve

the problem unless compelled to do so by legislation. Dr William Hunter of tha European Commission, suggested in evidence to the Lords' committee that scientific findings on health risks had not persuaded the Commission to issue the directive. He said the decision had been taken because of the "vast vol-ume" of public concern. The main conclusions of the

Lords' report echo views expressed by the UK Department of Employment and its Health and Safety Executive (HSE).

In a memorandum to the Lords' committee, the HSE says the "scientific and medical evidence now suggests strongly that VDU work is not a high risk activity."

The HSE also argues that the directive, which includes regular eye-tests, and specific requirements on the type of key-board and use of seating and lighting, would impose substantial "financial burdens

on industry."

• Visual Display Units. Lords'
Select Committee on the European Communities. Her Majesty's Stationery Office PO Bar 276, London SW8 5DT. Telephone orders (01-8730011)(Price, 28.80p).

Banking, Insurance and Finance Union (Bifu) had sought 10 per cent plus £500. In a complex offer it is pro-posing to increase the salaries Magnificent U.S.A. Facility

seeking 9.5 per cent plus a 5 per cent annual bonus, and the



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Unisys Corporation has a building to sell or lease.

The merger that formed Unisys also produced a surplus of facilities.

For sale or lease is a 248,000 square-foot building on a 40-acre parcel of land. The building is state-of-the-art and situated in a campus-type setting in suburban Minneapolis/St. Paul, Minnesota. This central U.S.A. location is adjacent to the Interstate frighway system and only minutes from the Minneapolis/St. Paul International Airport.

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How Pearson got to the bottom of deep oil production.



In oil services and publishing, Pearson's strategy is the same: we're building businesses that are leaders in their markets.

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Camco is a company transformed under Pearson ownership: with the recent purchase of Reda, it's now the seventh largest oil service company in the world, and is one of the top three in each of its chosen markets.

Reda is the world's foremost supplier of electric submersible

pumps for oil wells. And Hycalog, another Camco company, has around half of the diamond drilling business in the North Sea.

These companies share an emphasis on quality products and services and talented people.

Which is why in 1987, a year most oil service companies were making losses, Camco and Reda both made profits.

The purchase of Reda makes Pearson as important in oil services as it is in publishing.

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UK NEWS

Shipyard town starts its fight back

Richard Donkin on initiatives for recovery after the NESL closure

NTENSIVE lobbying and planning have been set in train by the closure of North East Shipbuilders in Sunderland, with the loss of

more than 2,000 jobs.
The Government, which confirmed the closure on Wednesday, announced a £45m palliative package of measures to promote new industries, including the creation of an

The boundaries of the pro-posed zone have yet to be drawn, but are likely to fall within the Wear bank part of the area covered by the Tyne and Wear Development Corporation, spilling over into a small area now controlled by Sunderland Borough Council, Mr Alastair Balls, the corpo-

ar Alastair Balls, the corpo-ration's chief executive, said it would be administering the enterprise zone, which is expected to obtain approval from the European Commis-sion to go ahead in the spring. The zone will provide between £25m and £28m of inducements for companies settling in the

The existence of the development corporation, established in the summer of 1987, and the long expected closure of NESL. have allowed a degree of advanced planning by a num-ber of interested agencies, including the Northern Devel-opment Company, Sunderland Borough Council and English Estates, the property develop-ment arm of the Department of Trade and Industry.

Under a second part of the Government's measures, English Estates is charged with providing, at a cost of £7m, a total of 220,000 square It has targeted 19 factory sites, each of up to 19,000 square feet, and some high

technology units. : In the third element of the package, £5m has been set aside for financial support for new and expanding businesses and a similar amount for retraining NESL employees. The Department of Employment said it would be

The government package is windowdressing. Official figures show that on average each existing enterprise zone only managed to create 500 jobs in five years'

approaching British Shipbuilders, the state-owned parent of NESL, to provide premises for an employment task force to establish retraining pro-grammes and give advice to

redundant workers.

Mr Charles Slater, the
Labour leader of Sunderland Borough Council has dismissed the package as "window dress-ing." He said: "The Government's

own statistics show that on average each of the country's existing enterprise zones only managed to create 500 jobs in five years.

"A lot of those jobs have been in the field of retail development. What hope do they offer the shipyard workers who are going to be made unem-ployed?"

The council is arguing that three industrial development sites outside the river corridor should be included in the zone. It criticises the Government for a lack of consultation with the local authority. "They don't even expect this zone to be established until April, and that is no good to employees who will be made redundant long before then," Mr Slater

The development corporation expects the zone to include one of the council's development sites, the S6-acre Hylton Riverside retail and industrial site which could provide 2,000 job opportunities.

The Government's package is announced at a time of increasing commercial and business activity centred on Sunderland. In anticipation of the shipyard closure, a group of interested agencles has already met and will be meet-

ing again next week to ensure a united approach to a sometimes confusing picture.

The development corporation is already working closely with the Northern Development Company on initiative. ment Company, an initiative formed last year with a mixture of private and public sector funding to attract new business into the north. An embryonic group of Sunderland companies is also under formation to be launched in the new year. the new year.

The group, called the Wear-side Opportunity, including large local employers such as Nissan and Vaux Brewery, hopes to establish a promo-tional campaign to attract new

"Just as Newcastle can claim to be the commercial centre of the north east we intend to lay claim to being the manufactur-ing centre," said Mr Frank Nicholson, managing director of Vaux Brewery who is head-

ing the new group.
The development corporation has already spent £2m clearing derelict sites, prepar-ing them for developments which the corporation believes can provide 9,000 jobs for the town in the next 10 years.

Mr Balls said the new 2000 was expected to include parts of the NESL yards, including possibly the covered work areas which, he said, were ideal for engineering compa-nies. One company, Liebherr, a Swiss crane manufacturer, is setting up a 10 acre site for manufacturing construction plant at Deptford and should provide about 50 jobs in Janu-

ary.

The need for action is urgent. Mr John Donnelly, the deputy council leader, said yesterday the closures would increase local male unemployment from 18 per cent to about 27 per cent — and in areas close to the yards 40 per cent.

Mr Paul Nicholson, chairman of the development corporation and of the Vaux Group, said the corporation strategy was built around the twin

themes of making Sunderland a centre of engineering excellence and developing the Wear month as a leisure centre for the region. He said: "I am confident that Made in Sunderland will, within the next decade, again become synonymous with all that is good about British man-

BR admits that plan to close line is test for bus substitution

By Kevin Brown, Transport Correspondent

PROPOSALS for the closure of a rural railway line put forward by British Rail are a test case for substitution with bus services, Sir Robert Reid, BR's chairman, admitted yesterday. British Rail plans to intro-duce huses to replace rail pas-senger services between Wrawby Junction and Gainshorough, Lincolnshire, have raised fears that further clo-

sures may follow. Writing in Railnews, the BR staff newspaper, Sir Robert says speculation that British Rail plans to close most of its rural network is "nonsense." But he points out that BR was instructed by the Government two years ago to review cases where buses could meet the needs of passengers as conve-

niently as rail services and

more cheaply. · The proposed closure of the Wrawby to Gainsborough line "will give us an opportunity to test the case for bus substitu-

tion," Sir Robert says.
The proposals will be considered in detail by the statutory Transport Users Consultative Committee for Eastern England before a final decision is taken by Mr Paul Channon,

Transport Secretary.
Sir Robert says HR's provincial sector, which runs most rural services, has successfully introduced new services on, many lines using new Sprinter and Super Sprinter stock.

"Now provincial is looking at the remaining rural routes. many of them poorly used. In some cases, the answer will certainly be to invest as we have done in so many other provincial routes; in some, the decision may well be that we continue as now.

"And in some we may want to test whether a bus service would be a better use of the subsidy," Sir Robert added. "This is nothing more or less than good housekeeping." would operate on contract to BR and be financed from the

same government grant which subsidises rail services. Unlike bus substitution services introduced in the 1960s many of which were quickly withdrawn when they failed to attract passengers - they would run between centres of population rather than between closed railway sta-

Manchester offers funds to business

By lan Hamilton Fazoy, Northern Correspondent

A £20M venture capital fund was launched yesterday for equity investments of between £250,000 and £2m in Greater

The fund, called Ventures North West, will confine its activities within the bound-aries of the 10 Greater Manchester boroughs because its money comes from the employees' £1.8bn pension fund.

A contest to manage the fund has been won by Murray Johnstone, a Scottish invest-

ment management group.
Greater Manchester County
Superannuation Fund has
1913m in UK equities and
2280m in fixed interest investments, as well as property and overseas portfolios.

CBI/FT DISTRIBUTIVE TRADES SURVEY

Strong rise in retail sales for November

By Raiph Atkins, Economics Staff

RETAIL SALES grew strongly in November with signs of a bounce-back after slower rises in October, retailers reported in the Confederation of British Industry/Financial Times dis-

tributive trades survey pub-lished yesterday.

The survey suggests that consumer spending is continu-ing at a buoyant pace and that the steep rise in the interest rates is not yet having a wide-

spread impact.

However the picture is likely to have been clouded by the run up to Christmas, particularly as many retailers have cut prices to boost sales.
Retailers are also relatively gloomy about their overall outlook. Of the 256 respondents, 32 per cent expected an improvement in their business situation in their business situation in the price of the provement in their business situation.

tion in the next three months while 8 per cent forecast a deterioration. The difference between the two percentages — a balance of +24 per cent — gives a good guide to the underlying trend. It was the lowest recorded for this question since the survey

began in 1983. The percentage of retailers reporting increased sales vol-umes in November over the

same month a year ago, minus those noting a fall, was a bal-ance of +54 per cent. That rise was better than expected and much stronger than in October. It was only slightly weaker than peaks recorded in June, July and

August. For December, the balance expecting sales to be higher than in the same month a year ago was +56 per cent - more optimistic than for any month since September.

However for import penetra-tion, the balance of retailers reporting an increase in November compared with the year before was +15 per cent. This was the highest balance recorded for this question since

The October survey, published last month, pointed to a marked slowdown in consumer spending, apparently contra-dicting provisional official fig-ures. On Monday revised Octoher figures from the Department of Trade and

Industry showed a 2.0 per cent increase in retail sales vol-Mr Nigel Whittaker, chair-man of the CBUFT survey

to draw particular conclusions when the two sources pointed in different directions.
On high interest rates, he said the effect was likely to vary between retailing sectors and geographical regions. Among shops reporting the highest sales increases in November were household tex-

Mr Whittaker said: "The present picture is particularly difficult... because the timing of purchases can be so variable in the run-up to Christmas. But...interest rate rises will hit the consumer more heavily

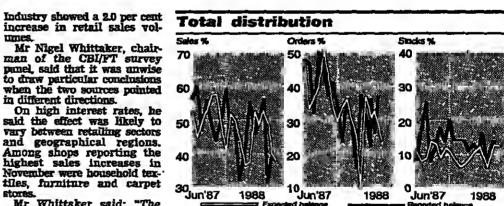
The survey shows a slowing in November in the rate of increase in retailers' selling prices. A balance of +72 per cent of respondents reported higher prices than in November 1987, compared with a balance of +82 per cent in August when the question was last

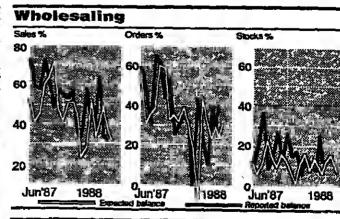
Among wholesalers, growth in sales volumes slowed further in November, Of 149 wholesalers questioned, a bal-ance of +31 per cent said sales were higher than in the corresponding month a year before. That compared with bal-

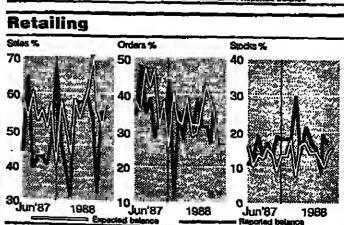
ances of +63 per cent and +85 per cent in September and October respectively. For December, a balance of +31 per cent expect increases com-pared with December 1987. Wholesalers also reported a

rise in import penetration. The balance reporting that imported supplies made up a higher proportion of deliveries than at the same time last year rose from +18 per cent in August to +25 per cent in November - the highest since

Motor traders said their rise in November sales had been higher than expected. A balance of +17 per cent of the 65 responding said sales were higher than in November 1987. This compared with a balance of +2 per cent in October.







But it fell far short of the balances of +62 per cent and +25 per cent reported in August and September respectively when the start of F-registrations boosted sales. Motor traders reported a

slowing in the rate of increase

in imports as a proportion of deliveries from suppliers. They were also less optimistic about their general business situa-tion than in August. The balance of +7 per cent expecting an improvement was the lowest since August 1965.

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How Pearson crossed the Channel to create the world's biggest scientific publishing alliance.



Our recent share exchange with the famous Dutch publisher, Elsevier, is the first step to creating one of the world's great scientific and educational publishing groups.

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The engagement forms part of Pearson's strategy of developing powerful businesses, capable of competing in global terms with quality products and services, and talented management teams.

Now all that separates Pearson and Elsevier is the sea.

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PEARSON

Young may ban **House of Fraser** report disclosure

By Raymond Hughes, Law Courts Correspondent

under which parties to legal proceedings have to produce all relevant documents —

would be resisted on the

ground that it was not neces sary to a decision on Lourho's

Lord Young might also make a public interest immunity

claim if there was any attempt to order disclosure of the advice given to Lord Young by

interfering with its consider-

conceivable that in those cir-cumstances they would seek to challenge publication," Mr Oli-

ver said. Mr John Beveridge, QC, for Lonrho, had argued that it was

essential if there was to be a fair trial of Lonrho's case that the report be available at least sential if there was to be a

whereby individual polytech-

The draft memorandum

issued this week governs the proposed financial powers of

The Committee of Directors of Polytechnics yesterday broadly welcomed the memo-

randum but said it should be

memorandum's failure to state

that polytechnics' public funds

would not be affected by suc-

cess in private sector business. The draft memorandum says

a college must inform the council if it wants to borrow more than 3 per cent of its annual income or £1m, which-

ever is lower, and must have the council's permission if it

wants to borrow more than 5

individual institutions.

Radical proposals drafted

allowed to keep the proceeds of nics would make bids to the the rent or sale of their land or council for the right to offer a

buildings, borrow money to given number of student

considering several options, per cent of annual income or including an innovative system \$2m, whichever is lower.

NatWest announces that

with effect from

Tuesday, 3rd January, 1989,

its Credit Zone Rate

is increased from

18.5% to 20.5% p.a.

(For the purposes of the Consumer Credit Act 1974, all Credit Zone agreements are amended accordingly.)

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National

Westminster

Bank PLC

for polytechnic funding

By David Thomas, Education Correspondent

"But when it comes to the possibility of publication of the report by the Secretary of State, my clients will have to consider their position. It is

ation by the anthorities.

THE Government yesterday by the discovery procedure warned that it might invoke under which parties to let public interest grounds to bar disclosure in court proceedings of its inspectors' report on the acquisition of the House of Fraser by the Al Fayed brothers in 1985.

for Lord Young, the Secretary for Trade and Industry, told a High Court hearing that if the report's production were ordered by the court, Lord Young might make a claim for while interest impurity. public interest immunity.

At yesterday's hearing Lon-rho, the UK conglomerate, failed in an attempt to have the Department of Trade and Industry's inspectors' report into House of Fraser produced as evidence in pending High

Court proceedings.

Lord Justice Watkins said that to order the report to be disclosed now would tend to pre-judge the issue in the first of Lonrho's two challenges to decisions by Lord Young. However, he said refusal to order disclosure now would not

stop Lonrho renewing its application once its case, fixed for January 12, had started. Lonrho is seeking judicial reviews of Lord Young's decisions to delay publication of the report while it is consid-

ered by the Serious Fraud Office and not to refer the acquisition to the Monopolies and Mergers Commission.

Mr Mummery told the court that Lord Young was not going to put the report in as evidence

POLYTECHNICS are to be

fund current spending and run up deficits, under proposals sent to the heads of all poly-

technics and larger colleges.

The proposals are set out in a draft memorandum by the Polytechnics and Colleges

Funding Council, a body formed as a result of the Edu-cation Reform Act

polytechnic sector, which

spends more than £1bn a year,

to become more efficient and

enterprising. It has tried to reinforce this alm by insisting

that many more businessmen sit on governing bodies.

proposals in the new year about how it will channel

funds to the polytechnics. It is

The council is plans to issue

The Government wants the

Tax poser for Wimpy fast food fittings

NEXT TIME you drop into your local Wimpy for a quar-ter pounder, take a careful look at the lighting. Can you tell which parts of it are tax deductible and which are not? deductible and which are not?

If that is too hard, then consider the floors and ceilings.
Can you detect that the carpeted bits of floor have tax relief but the tiled bits do not?
Or that some of the lowered ceilings are allowable but not the raised floors?

the raised floors?
These apparently bizarre distinctions, which emerge from a Court of Appeal ruling on Wednesday, deserve serious study; they set a precedent for all leisure and retail companies which revamp their premises and hope to receive tax relief on their costs.

relief on their costs.

With retailers apparently hooked on image at the moment, such redesigns happen increasingly frequently and account for a significant proportion of their spending. Obtaining tax relief on the costs is therefore a hig factor in making a new image pay.

The answer to the Wimpy questions: any refitting which wimpy can prove is designed solely to enhance its own business is tax deductible. Spending which is judged to result

advice given to Lord Young by Sir Gordon Borrie, the director-general of Fair Trading, on the question of whether there should be a reference to the Monopolies and Mergers Commission, Mr Mummery said.

Mr David Oliver, QC, for House of Fraser, told the court that "active consideration" was heing given to whether "the so-called report" in fact constituted a report for the purposes of the Companies Act.

So far, he said, the Al Fayeds had not taken any steps to challenge the report because they had seen no ground for interfering with its considering which is judged to result merely in an enhancement of the premises, regardless of which business occupies them,

As interpreted by the Appeal
Court, this means that background lighting is not allowable since it is standard. On
the other hand bright lighting
intended to give Wimpy a
bright, clean feel - qualifies for
tax relief, because it brings
eaters in off the street.
That may be clear. But less

That may be clear. But less obvious is why tiling on floors does not get tax relief while carpets do, and why some lowered ceilings qualify while raised floors don't.

The Appeal Court was asked to rule on these questions by United Biscuits, owner of Wimpy. The decision also con-cerned the relitting of Pizzaland, another UB restaurant

According to Deloitte Haskins & Sell, UB's adviser, the Appeal Court decision places greater restrictions than before on the range of items for which companies can get

United Glass to upgrade plants By Maggle Urry

UNITED GLASS, which claims to be the leading manufacturer of glass packaging in the UK, is investing £31.5m in upgrading its facilities to produce the most advanced design and pro-duction systems in the UK.

Mr John Daniels, sales and marketing director, said the company's, strategy was "based on assisting UK food and drink manufacturers to develop their domestic and international markets ahead of 1992." United Glass is not planning to make an acquisi-tion or expand directly in con-

tion or expand directly in con-tinental Europa.

United Glass is owned jointly by Owens Illinois, a US glass group, and Guinness, the UK drinks company. The investment is being funded from United Glass's own

resources.

Investment is taking place at all four of United Glass' plants — in Alloa, Scotland; Peasley, Merseyside; Harlow, Essex; and Queenborough,

It's still a long, long way to extradition

Kieran Cooke in Tipperary on the Irish Government's difficulties over Patrick Ryan

HE WOLFE Tones, one of Ireland's most popular traditional music groups, are giving a free con-cert in the Golden Vale ball-

room in south Tipperary.

It is in aid of Mr Patrick Ryan, the Irish former missionary who in recent weeks has been at the centre of an extradition controversy involving the British, Belgian and Irish governments. All 1,000 tickets for the concert, at I£5 each, have been sold.

Tipperary is Ryan country. There are 27,500 Ryans in Ireland and most of them seem to be in this county, famous for its rich farming lands, horse breeding and salmon streams. Tipperary is an area where tra-ditional republicanism runs deep: many heroes of the strug-gie against British rule fought their battles here.

Britain wants Mr Ryan in connection with a series of IRA murders and bombings.

Thatcher has bitterly criticised both the Belgian and Irish governments for failing to extradite Mr Ryan. Each day the political fallout from the Ryan

political failout from the Ryan affair seems to grow.

To the people of Tipperary, Patrick Ryan will always be "Father Paddy," the local boy from a farming family who became a missionary priest. "Save our Father Paddy Ryan" posters here been appearing posters have been appearing along the roadside.

A Father Paddy Ryan Extradition Committee has been set up in the area. Its members are adamant that whatever the

lrish Covernment decides on the extradition question, Mr Ryan will never be sent for trial in Britain, "It's been decided that if the Garda (the Irish Police) come to arrest Paddy and take him to court, he will immediately start a hunger strike," says Mr Joe Ryan, Mr Ryan's younger brother who is head of the anti-extradition group.

Few doubt that the former missionary would carry through such a plan. The prospect of an Irishman, still regarded by most Irish people as a priest, starving himself to death in the Irish Republic, would cause very serious prob-lems for the government of Mr Charles Haughey, the Irish Prime Minister. Already local politicians are coming under pressore to take a stand against extradition, particu-

larly in this case. Mr Joe Ryan says that even if it is decided that his brother will not be extradited but must instead stand trial in an Irish court, there will still he a hun-

ger strike. Mr Joe Ryan is a seasoned campaigner. During a 16-year spell in London working in an engineering company, he acted as a trade union negotiator. He is now a local huilder, well known in the neighbourhood. "Support for Paddy grew after Mrs Thatcher's attack on

Ireland in the House of Commons, says Mr Ryan. "Now it's not just Tipperary. We're get-ting money and letters from all over." Careful planning went



Joe Ryan, head of the anti-extradition group

into Mr Patrick Ryan's hunger strike in Belgium. His brother says members of the Ryan family were resigned to the fact that their brother might die. Sinn Fein, the IRA's political wing, and other groups have tried to influence the Ryan anti-extradition campaign. Mr

Ryan insists his brother has never been a member of the IRA and says Sinn Fein is not in control of events. But a local priest talked of people being pressured to attend meetings and political organisers coming from outside. One of the early 1980s IRA hunger strikers was at a recent campaign meeting.
Various accusations have
been made of Mr Patrick Ryan.
His lawyer has thrown a confetti of writs at both the Britthand high modifications the ish and Irish media saying the former missionary has been

grievously libelled.

Whatever the reality, it seems clear that Mr Ryan is no ordinary priest. Ordained in 1954, he spent 14 years as a missionary, mainly in Africa. His brother said Mr Ryan was a pilot, a skilled mechanic, an electronics expert, a speaker of nine languages, a non-drinking vegetarian who ran six miles

each day.

The British Government has alleged that over the last 14 years Mr Ryan has been a key fund raiser and arms buyer for the IRA on the continent.

His brother said Mr Ryan travelled extensively raising funds for "the families of nationalist prisoners in Northern Ireland." The sums invoived are said

to be considerable: at one stage Mr Ryan is said to have been collecting between £5m-£7m a year. The Irish Attorney Gen-eral is due to decide whether or not court proceedings should go ahead in order to extradite Mr Ryan. The Irish authorities say they know where Mr Ryan is staying. His brother thinks this is not the

People in Tipperary believe their "Father Paddy" is not far away. They feel Mr Ryan will die rather than be extradited to

Labour criticises Scottish Enterprise

By James Buxton, Scottish Correspondent

THE LABOUR Party yesterday criticised Scottish Enterprise, the structure for training and enterprise creation in Scotland which the Government pro-posed this week in a white

raper.
It said Scottish Enterprise would not be sufficient to meet Scotland's severe economic

The Government is proposing that the functions of the Scottish Development Agency and of the Training Agency in Scotland are merged into a sin-gle body called Scottish Enter-

prise, which would increasingly operate through local agencies under the direction of boards on which business people would be in a majority.

The scheme has had a gener-

ally good public reception in Scotland, particularly since it is seen as meaning the survival of the SDA as a body providing central strategic direction to the Scottish economy, albeit under a new name. However Mr Henry McLeish,

Labour's Scottish employment spokesman, said yesterday that the scheme had serious weak-

No new financial resources were being dedicated to it, in spite of Scotland suffering from an effective cut in regional aid. Scottish Enterprise would need extra funds to offer quality training and to employ extra staff to monitor

the local agencies. He said that the local agencies should function as part-nerships between employers, educationalists, trade unions and local authorities. The Government, however, was propos-ing that business people should

MR PETER CLOWES and three

other men associated with his

collapsed Barlow Clowes fund

management group were remanded on ball until June 1

when they appeared hefore

Guildhall magistrates in the

City yesterday accused of steal-

ing more than £22.7m belong-ing to Barlow Clowes inves-

Mr Clowes, Dr Peter Naylor

and Mr Guy Cramer were each

required to provide bail sure-ties totalling £500,000, Mr. Christopher Newman's bail

Bail conditions required all four to surrender their pass-ports and to give the police 24 hours' notice of any change of

address or intention to travel

Mr Clowes's hall was increased from the 2300,000

imposed when he was arrested

earlier this year and charged with perverting the course of justice by the destruction of documents and the creation of

Mr Peter Theobald, the presiding magistrate, said the increase was because of further serious charges against

was fixed at 2200,000.

anywhere in the UK.

false documents.

Clowes and three others

bailed on theft charges

By Raymond Hughes, Law Courts Correspondent

have at least two thirds of the places on local agency boards. "The Government's ideological prejudices mean that it is determined to marginalise local authority and trade union participation," Mr McLeish

Mr McLeish pointed to gov-ernment statistics showing that, in the year to March 1988, Scotland had the largest reduction in manufacturing employ-ees in the UK - the smallest increase in service employment and the second smalles increase in self-employment.

Mr Clowes has been charged with a further 16 offences. Five under the Theft Act accesse

him and Dr Naylor of stealing

a total of £4.3m. Mr Clowes and Mr Newman jointly face four Theft Act charges alleging that they stole a total of £10m and one charge under the Criminal

Law Act of conspiring to steal.

Mr Clowes and Mr Cramer are jointly charged with four counts of theft totalling £7m.

Mr Clowes alone is charged with the theft of £1.38m and with false accounting.

Mr Newman's sureties were his father and sister. Dr Nay-lor's included his father and

his parents-in-law, and Mr Cra-mer's included his girlfriend,

Miss Deborah Lewis. Mrs Helen Garlick, prosecut-

ing for the Serious Fraud Office, said it intended using

Office, said it intended using the new regulations enabling the case to be transferred to the Crown Court without going through committed proceedings

before the magistrates.

It was hoped that the June 1

hearing would be the last at the Guildhall court, the case

being transferred to the Crown

Court in the summer for trial before the end of the year.

Advertisers criticise ITV plans By Raymond Snoddy

A LEADING independent advertising company yesterday criticised the Government white paper on broadcasting and said that the fragmentation of the commercial televi-

sion market that would result would not help advertisers. The white paper, with its promise of more channels and more competition, was initially welcomed by the advertising industry but more critical voices are now beginning to be

Mr Graeme Hutton, a direc-tor of Billett & Company, asks: known working commercial television system on the unproven premise that satellite will cause a popular revolution rather than a general seg-mented evolution?"

The media independent says it is greatly concerned that the BBC will be in a position to cause substantial damage to commercial television's share of the audience "whilst this sea change is brought about."

Mr Hutton said yesterday that members of the Association of Media Independents, companies representing about 15 per cent of total advertising spending in the UK, were expressing reservations about plans to remove many of ITV's public service hroadcasting

Mr Hutton hopes to persuade the AMI to lobby the Govern-ment to keep ITV and Channel 4 in their present form as com-plementary national channels, although with an element of competitive selling of their air-

The white paper proposals envisage the future ITV companies as regional broadcasters under no obligation to form

We are concerned that more commercial television opportu-nities may not necessarily result in more commercial tele-vision audiences," Billett says.

Lloyd's takes measures to ensure fair play

Nick Bunker reports on the outcome of the Bellew, Parry and Raven inquiry HE LAST of the disci-

Guy Cramer arriving at Guildhall Magistrates Court

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THE costs of regulating plinary inquiries result-ing from the Lloyd's of Lloyd's of London soared from £3.62m in 1981 to £17.2m in 1987 and an estimated £22m this year, according to a report commissioned by Lloyd's from Peat Marwick McLintock, the accountancy firm. the early 1980s reached a con-clusion yesterday with the announcement of heavy fines imposed on four men at the heart of the Bellew, Parry and It says there is also criticism among the market's 240 under-

This was one of a series of cases which came to light in 1982, also including the PCW and Fidentia affairs. They all related to the use of offshore reinsurance companies as vehicles for channelling money out of funds belonging to ordinary members of Lloyd's.

Lloyd's said it had fined four of its leading market profes-sionals £150,000 each for their part in setting no a network of 70 companies in the 1970s, many in offshore tax havens some of which made secret and excessive profits at the expense of 3,000 investors at Lloyd's whose affairs they managed.

Among the men was Mr Edward Ernest Nelson, a prominent Lloyd's non-marine underwriter who in 1982 was invited to become deputy chairman of Lloyd's. He was not appointed to that post after admitting that he had an indirect interest in one of the off-shore companies. Bermuda Re. Another of the four, Mr

Arthur Grattan Bellew, is the son of Sir Arthur Grattan-Bellew, a diplomat who was legal adviser to the Foreign Office and served as a director of some of the 70 companies until his death in 1985.

According to a 169-page offi-cial Lloyd's report, published yesterday, Mr Grattan-Bellew and his associates, Mr John Raymond Parry and Mr Frederick Charles Raven, were guilty of discreditable conduct in arranging for loans from the 70 companies to be used to buy a 172-acre farm in Suffolk for £450,000 in 1979, and 50 acres of farmland in Sussex the following year for £44,000.

When asked by counsel for Lloyd's to explain aspects of the affair, Mr Grattan-Bellew replied: "It looked like a sort of cock-up, a mega cock-up," and "I think somehody has made a hell of a bloody muddle," according to the report.

writing agencies of extrava-gance by the ruling council of Lloyd's, including spending on its new huilding, and lighting and fireworks for this year's tercentenary celebrations. The figures mean that

Lloyd's now spends more than twice as much each year on policing itself as any other

The report concludes that, while Mr Grattan-Bellew could not be proved to have been dishonest, he was guilty of serious negligence towards members of Lloyd's he looked

Mr Raven, the report said, had given evidence "at some length" about his Christian principles but concluded that he was "surprisingly evasive and lacking in frankness" and that his claims of lack of involvement in the offshore companies were "not credible." reinsurance contract - a "rollover" - which was widely used at Lloyd's in the 1970s to shift money into tax havens such as Bermuda or the Cay-

The Bellew, Parry & Raven story began in the late 1960s, and centred on a type of

man Islands.
The idea of a rollover was that a Lloyd's syndicate paid a reinsurance premium to an offself-regulatory body in the City, including the Securities and Investments Board and The Securities Association.

Mr Alan Lord, chief executive of Lloyd's, said he planned to start next year a wide-rang-ing project aimed at containing regulatory costs without damaging standards.

shore company, which then "rolled-over" the premiums from year to year, with interest, to set up a fund which at some later date would be returned to the syndicate. Between 1969 and 1983, the report says, Mr Grattan-Bellew,

Mr Parry and Mr Raven set up the group of 70 companies, including Bermada Re, which they and Mr Nelson controlled directly or indirectly via family

"One reason was to enable the Bellew, Parry & Raven principals (and/or Mr Nelson) or their families to gain substantial financial benefits in jurisdictions with more favour-able tax regimes than the UK. The benefits were gained from transactions carried out for certain Lloyd's syndicates," the report says.

The offshore companies received rollover premiums from Lloyd's syndicates man-

aged by BPR and run by Mr Nelson. The 70 companies then benefited hy charging brokerage

commission for arranging the rollovers, from management es for investing the money, and some funds were also used as loans for buying the farm and land.

Lloyd's found Mr Grattan-Bellew, Mr Parry and Mr Raven guilty of negligence and breach of fiduciary duty in pla-cing the rollover contracts without sufficient means for guaranteeing the interest repayments, in failing to ensure payment of the interest to the syndicates in time, and failure to repay it before March

Mr Nelson, the report says, was guilty of discreditable conduct because he took no action about the fact that Bermuda Re paid interest to the syndicates at less than the going market rate.

Mr Nelson has been suspended for two years from membership of Lloyd's. Mr Grattan-Bellew has been suspended for five years, while Mr Parry and Mr Raven have been banned for life. Each of the men was found guilty of a number of charges of discreditable conduct but not of disher able conduct but not of dishon-

BSB has to raise £120m in film deal

By Raymond Snoddy

BRITISH Satellite Broadcasting has had to raise £120m to fund the acquisition of film rights for its planned subscription movie channel. BSB, which has been in a

battle with Mr Rupert Murdoch's Sky Television for access to films, has reached five-year agreements with many of the largest US studios. including Columbia, Para-mount and Universal. The deals involve phased payments totalling over \$700m (£380m). To secure the deals with Hol-

lywood studios, guarantees on the finances were sought. In turn BSB, which has already raised £222.5m, had to seek guarantees of further finance rom its main shareholders. Shareholders include Granada, Pearson (publisher of the Financial Times), Bond Corpo-ration and Reed International.

The financing is seen as a bringing forward of some funds the venture would have had to raise next year. BSB has said it was likely to need more than 2500m in addition to the initial \$222.5m funding.

The Virgin Group, one of BSB's founding shareholders, was not involved in the latest round of fund-raising.

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The Prime Minister, the Rt Hon Margaret Thatcher MP
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THE PROPERTY MARKET

Foreign investors go shopping in London

By William Cochrane

There is more, of course. A mature company can pay hig dividends if the real value of its assets can be unlocked; and

Hammerson, said the irrever-ent Chase Manhattan property team a week ago, is "the most notorious undervalue in the

property sector."
The Chase team, Mr Alan

Carter, Mr Gareth Evans and

Mr Alastair Gunn, reckoned that the British company

would be able to produce a full defence valuation of up to 1100p a share, against Rodamco

bids of 780p for the 'A' shares and 818p for the Ordinary. "When one starts to talk of

special purchaser/potential

he theme of foreign investment in UK commercial property, featured here last week, was explored further on Tuesday in a deceptively simple letter to the Financial Times from the Earl of Buchan to have attracted passive investment from all over the world. In aiming to buy Ham-Earl of Buchan.
He remarked that oversea merson, of course, it wants to invest all over the world too. This week, Rodamco's formal

investors, Japanese, Scandina-vian, and particularly the Dutch — vide the Rodamco takeover hid for Hammerson — seemed to take a much more that the consolidation of the latter's portfolio would reduce its US holdings from 44 per cent to 23 per cent of the total, and bring it stakes in Canada bullish view of the UK property scene than some of their counterparts. "Who," he said, (15 per cent) and Australia and New Zealand (9 per cent) which it did not have before.

"is right?"

It may well be that neither the British, nor the foreigners, are wrong. Foreign companies may have their own reasons for buying British, and their reasons may not apply to the

Rodamco, for example, is an open-ended fund. That means that money can pour in all the time. The legal briefing from solicitors DJ Freeman on foreign investment in UK property, reported here last week, showed how the tap can be turned on: "The Netherlands... has an advantageous tax agreement with the United Kingdom, and with a number of countries, which may include the investor's

redevelopment value," they said, "then, quite frankly, Rodamco's offer starts to look The Dutch fund, says Mr David Solomon, a senior part-ner of DJ Freeman, is known well short of the mark."

Hammerson is a composite of investment and development potential. With development alone, the arithmetic changes again. This is where the Scandinavians, and particularly the Swedes, come in, mostly as developers of properties which they intend to retain as investoffer for Hammsrson noted

ments.

Swedish companies are buying into UK property development in a big way. A fortnight ago. Anders Nisses, one of Sweden's largest property development and investment groups, gained planning consent for the redevelopment of the 225 000 so ft former Crown. 225,000 sq ft, former Crown Agents building at Millbank, overlooking the River Thames and facing the Houses of Par-

This £75m project will be the company's flagship project in London, and its first development outside Sweden, However, there have been others, says Lord Selsdon, friendly with Nisses, and chairman of two other development companies with majority Swedish

participation.
"This year," says Lord Selsdon, "the Swedish authorities



introduced a certain relaxation in the country's foreign and investment rules; then they reduced the number of office development permits in Swe-den itself. So the developers began to come abroad."

Lord Selsdon thinks that the Swiss and the Dutch could also decide to make significant incursions into the UK devel-opment market; and, indeed, that they could make a contrithat they could make a confri-bation. He says, flatly, that development in the UK has a long way to go before it gets up to Continental standards.

This week's London talking point was that Central and City has entered into a £130m joint venture with SC Process.

joint venture with SC Proper-

ties, a wholly owned subsidiary of Shimizu Corporation of Japan – the world's largest construction company – to develop 300,000 sq ft of offices, under construction at One America Square in the EC3 area of the City of London. The London invasion is part

of a world-wide trend. Agents Knight Frank & Rutley said in a report published more than two years ago that Japanese institutional investment funds and construction companies were going into property on a global scale.

This year Japanese invest-ment regulations were changed

to allow institutions, previ-ously limited to investing in

completed property schemes abroad, to participate in over-

abroad, to participate in over-seas development. Sumitomo Life, one of Japan's largest life insurance companies, chose the US first, paying \$165m for a 49 per cent equity stake in the Ginbels department store rede-velopment in Manhattan. Britain, then, is just one market of many. The Japanese are much more heavily com-mitted in US cities, like Los Angeles, than to London. The fear, in Britain, is that if a run of stock market disasters puts the City and its properties into the same bargain basement, the same bargain basement, the Japanese are here, and able to pick up a lot — shop, stock and real estate.

Testing values

flict in next year's prop-erty markets. Takeover bids and foreign buying are push-ing sentiment in one direction; occupational discomfort in for-merly buoyant areas, like City of London offices and the fashion side of the retail market, is

an opposing force.
Some unkind soul is bound to remember the furore caused by the Hager & Lloyd paper to the RICS in January 1985.
"Valuation can neither be described as an art nor as a science." the anthers soid. described as an art nor as a science," the authors said, adding that they contained a subjective element depending on the "whim" of the valuer.

Mr Jerry Michell, senior investment partner of Drivers Jonas, thinks he has gone a stage further in rebuttal now, with the help of Rnpert Nabarro's maturing Invest-

Nabarro's maturing invest-ment Property Databank (IPD). A report entitled "The Variance in Valuations" suggests that valuation surveyors score a 93 per cent success rate in a test designed to measure

their efficiency.
The IPD database, of which
Drivers Jonas is a sponsor, eovers the performance of over 8,500 properties worth more than £16bn. The key test, per-formed on a sample of around 1,400 properties sold over the past six years, reviewed the test the current level of the local property market. Mr Michell is less positive

Taluation is likely to be the source of some conflict in next year's propof rental growth; they were "able to impound a very rough measure of future rental growth into their yield." That might give the Asset Valua-tion Standards Committee of the RICS something to think

about in their pending revision of their guidance notes.
In particular, the AVSC will be producing a new guidance note on valuations made on special assumptions, as well as a background paper describing a purchaser with a "special interest." All this could fit a takeover situation, and it is no secret that Healey & Baker. charged with the revaluation of the London Shop Property portfolio in the light of the bid from Peel Holdings, will be looking at marriage and devel-opment values, and producing

a straightforward valuation. But Mr Len Jarrad, senior partner of Hillier Parker and vice chairman of the AVSC, says: "The RICS has never excluded the right of the valuer to value a portfolio, or part of it, on an alternative basis." Hillier Parker, he says, has produced a valuation where the whole of the portfolio was worth more than the

sum of the parts.
"What is new," he says, "is
that the guidance notes will
spell ont what what special assumptions a valuer ought to take on board — and what safeguards should be applied."

This announcement appears as a matter of record only.



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Soviet PC market set for strong growth

By Della Bradshaw

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THE Soviet Union is becoming one of the fastest growing markets for personal computers and Western computer companies look set to reap the benefits. That is the conclusion of a report* on the Soviet

PC market compiled by the Finnish consultancy Assumer.

Apart from PC hardware and software, printers and diskettes will also be in demand. says the report. At the moment there is no PC printer factory in the Soviet Union and diskette manufacture is

and diskette manufacture is only just geiting under way.

The Soviet Union is five to eight years behind Western countries in its use of PCs, says Asumer. It estimates that there are less than 300,000 PCs in operation, most of them stand-alone machines. That figure includes up to 200,000 microcomputers in schools.

About 100,000 of the PCs are home-produced. They include four different types of IBM-compatible machines made by three of the Soviet industrial ministries, as well as a range of 8-bit and 16-bit PCs.

By the year 2000, Asumer

By the year 2000, Asumer redicts that there will be 28m PCs in the Soviet Union. chools alone will need 4m within the next seven years.

Most of the machines will be

imported or manufactured in the country either under licence or through joint ven-

The report notes that there has been a move towards more Western forms of production and marketing. For example, OEM (original equipment manufacturer) deals — where a company sells another manufacturer's product under its own name — have begun to flourish; and computer shops have one ned.

have opened. However, the authors say that the Soviet PC market remains overly concerned with standardisation, whereas in Western countries the primary problems are economic and business management ones. "This business-oriented structure is still missing in the

The Soviet Personal Com-puter Marketplace 1988 is avail-able from Asumer Oy, PO Box 147, 02101 Espoo, Finland.

he health of buildings as well as their occu-pants is a prime con-cern of the people who own and manage places of work. In particular, they are interested in how to squeeze more equipment into each floor and how to cut the sick rate among staff.

The two problems may seem poles apart, but an international collaboration to renovate a historic building near the Houses of Parliament, in London, is siming to deal with both together through the hid-den technology of ventilator ducts, power cables and com-munication links buried in floors and ceilings.

Air conditioning was a rare luxury in British offices until a few years ago. Today, the heat from proliferating personal computers, electric typewrit-

computers, electric typewriters, faxes and photoconiers has made some form of cooling almost mandatory. But this can bring its own headaches.

The "sick building syndrome", dismissed by sceptics as collective malingering or hysteria, was given official recognition last month by the UK's Health and Safety Executive. One of the causes could be a failure of air conditioning, which may introduce more dangers than it filters out.

In one hospital, ducts feeding the haby care unit were

ing the baby care unit were found polluted with dead birds and droppings because mesh protecting the roof inlet had

Gray Robertson, president of ACVA, US specialists in indoor air pollution, says that his company has removed hundreds of kilos of fungi and dirt from rarely inspected ducts in sick buildings. Energy conser-

itrogen, the main component of air, is not normally consid-ered a hazard, but the sheer

ered a hazard, but the sheer volume of it that will be used at a

where more than 200 people are

expected to work. The danger is that they could suffocate because of lack

of oxygen, so the laboratories will be

strewn with oxygen deficiency

meters.
At the heart of the research centre

will be the European Transonic Windtunnel (ETW), Europe's first facility to simulate the aerodynam-

ics of flight at Mach 1, the speed of

sound in air (about 760 mph). The

INTERNATIONAL PROPERTY

Underfloor route to a healthy workplace

David Lawson finds a connection between 'sick buildings' and inefficient use of space

were switched off at night, causing condensation. Fungi and bacteria bred in the damp conditions and were then sprayed into the building the

on the efficiency side, the positioning of air-conditioning ducts can be a crucial factor. Tenants may need to alter layouts repeatedly as markets ebb and flow and technology changes. Some financial concerns switch workstations and partitioning around almost

overnight so that their dealing operations are not interrupted.

Moving cable is less difficult Moving cable is less difficult with the advent of runs under suspended floors, but heating and ventilation designers face much bigger problems. Ducts normally run through suspended ceilings, limiting where the partitions can go. Overhead light units are also a restricting factor.

Anders Nisses, one of Swe-

Anders Nisses, one of Sweden's biggest devslopers, believes it has solved both sets of problems by sweeping them under the carpet. That carpet is bonded to movable tiles suspended in a frame to form a raised floor. The company has adopted a system, called INCAS, which does away with

vation meant that systems ducting and suspended ceilings by feeding air through the whole of the floor void.

The INCAS system is being used in Nisses's renovation of the Crown Agents' building on London's Millbank. INCAS is made by Hiross, a British company with a tiny outlet in Sonthend but large manufacturing centres in Italy, Austria and North America.

No great breakthrough in technology is involved; Hiross has merely brought together previously separate skills to produce computer room cooling systems and suspended floors.

Air is drawn down from chiller/heater units to flow under the suspended floor to feed about 100 sq m of floor-space per unit. Within these areas each office cell or work-station is fed by small thermostatically controlled fan terminals, set in the floor or around

The ussd air returns via other floor grilles for purifica-tion and remixing with fresh supplies. Underfloor flow zones are separated by baffles.

INCAS has three main

advantages, according to Glan Blake-Thomas of Hiross. First, it eliminates the expensive,

for tenants, workstations and office cells can be rearranged much more easily. Spring-loaded partitions are easily

plies move with each workstation, as the grilles are set in

potentially hazardous and space-consuming ducting run-ning down from roof plant.

Second, doing away with suspended ceilings saves about 18 inches of space on each storey, thus cutting construction costs because multi-atorey blocks can be built much lower. C-G (Sigy) Petterson, building director of Nisses, says that between £20 and £30 per sq m was cnt from its Alviks Strand office develop-ment in Stockholm with the help of INCAS. Also, the fine ceilings of historic buildings,

moved overnight because they are not wired. Illumination is provided by np-lighters pow-ered from under the floor. This provides flexibility in the shape of office cells as they do not have to conform to over-head light fittings. Fresh air and cooling sup-

such as the one on Millbank, stay uncluttered. Third, and more important

dards.

portable floor squares. Nisses believes that INCAS could be a step towards a cure New air

The INCAS air

conditioning system

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for sick buildings, as there are no ducts to be polluted and each "cell" has its own air sup-ply with a replacement rate of up to 20 times normal stan-

Tests carried out at Alviks Strand hy ACVA produced startlingly low figures for bacterial, carbon monoxide and nicotine concentrations, according to Petterson. A machine simulating a heavy smoker was set up in one room and virtually no pollutants leaked through to neighbour-ing ones.

Building surveyors have shown some suspicion of underfloor air handling because they are not sure that rent can be charged for the space taken by grilles. With rents for offices at more than \$50 a so ft in central London 260 a sq ft in central London, that can add up to a lot of

New air

But the extra attraction for tenants may outweigh loss of space, and if the health claims can be substantiated many will be considering whether to emulate the example being set at the Millbank development.

The advantages of taking a data network out-of-house

By Geoffrey Charlish ISSUE Three of the Octagon Guide to Telecommunications emphasises that many companies can benefit from abandoning their own data networks and opting for a managed network as offered by British Telecom, Mercury, International Business Machines, Electronic Data Services, Fastrak and

With such large networks at their disposal, says Octagon, these specialist companies can keep costs below those of

in-house networks.

However, for this edition of the guide it has not been easy to make comparisons between the service suppliers because they are no longer obliged to lodge their tariff details with the Office of Telecommunication tions (Oftel), which has recently decided to waive the requirement.

Only BT, Mercury and IBM would supply details and Octagou has concluded, with the assistance of case studies, that IBM can be 100 per cent more expensive than BT, and Mer-cury 10 to 20 per cent cheaper

than BT. EDS, Fastrak and Istel nego-tiate with prospective customers individually and the guide explains their approach. They say that their prices reflect the different features offered. Thus, says Octagon, purchasers must make sure that they know what they need.

Nitrogen to simulate a supersonic gale

David Fishlock reports on the construction of the European Transonic Windtunnel

site adjoins the West German National Aerospace Laboratory (DFVLR), but the centre will be inde-National Aerospace Laboratory (DFVLR), but the centre will be independent, it will be funded and run hy a consortium called INA-ETW, formed by the participating nations: West Germany, France, the Nether-lands and the UK.

volume of it that will be used at a new multinational research centre in West Germany could present a threat to safety.

The centre, being built at Porz near Cologne, will require 75,000 tonnes of nitrogen a year. At full stretch, the facility will discharge 200 tonnes of it daily. Without careful dispersion, clouds of cold gas could envelop the research centre where more than 200 people are ETW will be one of the few European research centres built round a big facility to which participating nations can send their experiments. The Royal Aerospace Establishment, Farnborough, will be Britain's main point of contact with ETW. The facil-ities will be available, under conan research centres built round a tract, to countries not participating at this stage.

The centre's construction is expected to cost about DM600m (£190m)

ing about 6 per cent. But the final bill could be 50 per cent higher because of the technical uncertainties that still lurk despite a decade of

Although the centre will not be

ready in time for the next generation of supersonic aircraft, it should con-tribute to those coming into service beyond the turn of the century.

Only one transonic wind tunnel exists at present, run by the National Aeronantics and Space Administration in the US. But European aerodynamicists have built a scale model of ETW, one ninth the size, at the Dutch National Aero-

space Laboratory in Amsterdam.
The ETW will be used to test models of about 1.5m (5ft) wingspan in the transonic regime under realistic conditions of fluid flow. To simulate

the conditions of air flow at the speed of sound, nitrogen gas cooled to as little as 120 deg K (-153 deg C) is substituted for air. It will be injected as liquid nitrogen and circulated rspidly round a closed loop of about 110 m in length and from 4 m to 10 m in diameter

A particularly tricky part of the design is the robotic system for manipulating the models, which will be anchored on self-propelled, 100-tonne carts. The system will provide full facilities for moving the model in a

Management of this high technology project is in the hands of Ove Arup & Partners in London. A project team of five, led by Peter Gill at Porz, reports to David Whittleton, senior engineer and a director of Ove

Whittleton says that there is tacit agreement among the partners to share contracts nationally according to contribution. But he believes that sound project management princi-

ples will over-ride the arrangement.
According to Whittleton, there are
three major contracts of technical interest in the building of the tun-nel. Each requires further research and development before the maker can get down to detailed design. One is the pressure shell of stainless

steel, more than 70 m in length and tapering from 7 m diameter. It will cost about DM60.

Another is the cryogenic (low temperature) compressor-drive system, capable of bandling a mass flow rate of up to 1,500 kilograms per second. This will cost about DM30m.

The third is the test section equipped with four model carts, and the associated laboratories and faciltitles for carefully drying the models before test. This contract is worth about DM70m.

Not least, however, ETW will

require a silencer to suppress the noise of 200 tonnes of nitrogen gas blasting from the wind tunnel daily. It is envisaged that the silencer will take the form of a borizontal duct 2.5m in diameter and 14 m long. A drop in sound of 45 decibels is expected across it.

To disperse the gas, the plan is to mix it with air and discharge it harmlessly up a 55 m stack.

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ave you ever thought of becoming a management con-sultant? The chances are that you already are one. Consultancy is not the exclusive preserve of McKin-sey, Bain, PA and the like. All managers act as consultants at some time or other.

A manager's consulting activity might consist of suggesting new working practices or a system of team briefing. He or she might have to advise on lactory layout or on whether a promising product is worthy of further investment.

Charles Margerison, profes sor of management at the University of Queensland, argues that an effective manager is an effective consultant.

"Today it is increasingly dif-

ficult to separate out our advisory or consulting work from onr executive managerial work," he says in a book" pub-lished vesterday. "The lished yesterday. "The demands of the job are such that we have to cross bound-aries both within and without the organisation to influence others. Consulting skills are an integral aspect of work, rather than something tacked on at the end."

Margerison, who is also vice president of the International Management Centre, Buckingham, intends his book to be a practical guide for both external and internal consultants. It draws heavily on his experience as a consultant to a wide variety of organisations, including BP, ICI, Kodak, Mobil and Shell.

Consultants, he says, should always ask themselves the fol-lowing questions: Who has the problem? Who has the information? Who has to be consulted? Who has to act on the results? The people with the problem

are the ones who are responsible for resolving the issue on which you have been con-sulted. They are your clients. Although your investigations will take you into other parts of the organisation, you should always keep in touch with them so that they know what you are doing. Keeping close to the customer is as important in consulting as in any other commercial activity.

One of the difficulties in identifying the organisation's problem is that people are often slow to open up to you. It is important, Margerison says, to listen for the clues which tell you what your client believes the organisation's real difficulties are.

A good rule, he says, is always to listen to what people say about themselves. "People are usually giving a vital mes-



The consultant living within all managers

you in tackling this problem?"
"To what extent would it be

"If you were to hold a meet-ing on this issue, who do you feel should attend?"

tant, need to see might be unenthusiastic about talking to

you, or even bostile. There are,

however, ways of winning

Margerison was once asked

by an airline to come up with a development programme for its

pilots and crew members. The

pilots and flight engineers

were sceptical about the pro-gramme, he recalls. They could fly planes, they said. Why did they need a development pro-

Margerison called a meeting

of the people concerned. Instead of telling them what he proposed, he asked them what

made for effective teamwork in

the cockpit. Everyone had an

opinion on this. The more they

asm for Margerison's project

It is vital, Margerison says, to find out who the people are who can make or break the

assignment and to involve

them from the earliest stages. He was once taken on by a

talked, the more their enthusi-

Those whom you, the consul-

useful if I talked to them?"

Michael Skapinker argues that giving advice is not the prerogative of the professionals

their support.

gramme?

sage when they use the words might not have thought of T, 'me' or 'my'. This is particuthese issues. It is important to larly so when associated with adjectives which stress 'con-cerns, worries, excitement, distress, interest, despair," Mar-

gerison says. When clients do talk about their own concerns, encourage them to continue. Do not criticise the efforts they have already made to deal with the problem or give them any rea-son to become defensive.

Margerison provides this example of how not to do it. Client We had some sound proposals but we could not implement them. Consultant: It looks to me

like you made some mistakes in communication, Client: The changes were well researched before we put

them into operation and everyone was formally notified. Consultant: But you failed to get the commitment of the people to the changes.

Client: That's easy to say in hindsight, but at the time we were under a lot of pressure. Questions like "So you think things could have gone bet-ter?" are more likely to elicit a positive response from the cli-

ent, Margerison says.
In addressing the questions of who in the organisation has the information you need and who has to be consulted Mar-gerison warns that the client

bank to design a training programme for the managers of these issues. It is important to ask questions like: their 3,000 branches. "Who else is involved with

The bank's central training department was keen to get the programme started. Margerison wanted to know, how-ever, who the branch managsuperiors were. He was told that the branch managers reported to area managers. Margerison asked whether the area managers had been con-sulted about the programme. He was told that they knew about it, but that it might be

helpful to send them a letter.
Margerison thought he should go further than that and invite them to a planning workshop. "They won't come," the training department said. "They are too busy." They did come, and their support proved vital to the success of the pro-

In his work in the airline industry, Margerison realised that it was the union representatives who could make or break his assignment. "I therefore took time to involve them and listen carefully to what they thought. They had good ideas but much initial suspi-

Once we had started to understand their concerns and build the programme in such a way as to integrate those points, the representatives became enthusiastic support-

meetings they spoke up for the programme and ensured it got the political support required."

Margerison says that the consultant should dissuade his client from implementing changes before these key peo-ple have been consulted. He ooce helped a client devise a new way of making merit payments to managers. He asked the client which managers would have to be persuaded of

ers. At their respective union

the merits of the new system. The client mentioned four managers whom he thought would need to be convinced. The client said he would call them together to tell them about the new system. Margeri-son advised against this. "I felt it might be inappropriate to put the proposition to them at the first meeting," he told the client. "I think it might be use-ful initially to get their feelings about the existing system before proposing an alterna-

Margerison suggested that the client ask the managers whet salary system they thought would be most appropriste. People are always more likely to welcome changes if they have had a hand in formulating them.

The consultant's report to the client should not be seen as the end of the assignment, Margerison warns. Clients often criticise consultants for producing a report and then walking out of the door. Consultants, on the other hand, sometimes complain that clients appear to have no interest in changing the way their

organisations operate. Both of these problems can be avoided if the consultant writes the report in collabora-tion with those who will have to make the changes. Instead of producing a final report, Margerison suggests that con-sultants draw up a draft document. This should then be discussed with the people the consultant spoke to when he was carrying out his investiga-tion. It should also be dis-cussed with the people who will have to implement the

Often, those who will have to implement the report will not have met before. One of the consultant's tasks is to bring

them together. How can you find out whether you have succeeded in your consulting work? There are experts who can tell you, Margerison says: your col-leagues and clients.

Managerial Consulting Skills A Procticol Guide, by Charles J. Margerison. Gower.

Corporate structure

Custom-made for Europe

Terry Dodsworth on Altos Computer's autonomous operations

urope's plans for an integrated, barrier-free market by 1992 have particular significance for Altos Computer Systems, a US minicomputer manufacturer from San Jose in California.

Just 11 years ago, Altos was founded by an Englishman, David Jackson, who had joined the brain drain to the US because he could see more opportunities for launching a high technology start-up across the Atlantic Today, Altos is aiming to take advantage of the new spirit in Europe to create a semi-independent entity in the region – not exactly a start-np, but a group which will, it is hoped, have a strong European identity.

In common with many US

technology companies, Altos already has an extensive European presence, much broader geographically than the bulk of its indigenous competitors. The company has also expanded rapidly throughout the region over the past few years, helped by the boom in the market for departmental processing. Today, it generates about half of its \$176m turnover in Western Europe, but Archie Thomas, its new European president, is convinced that it could increase its impact if its activities in the region had

more coherence and freedom from their American parent. Thomas's aim is to move away from the typical American multinational structure in which European operations are pale imitations of the parent, totally dependent on the US for the flow of products, new developments and ideas which make the organisation tick.

The first modest step towards this target was taken earlier this year when he took np his present position and amalgamated the group's northern and southern European divisions. The next moves

will be more complicated.

First of all, Altos is aiming to assert some financial independence for the European business hy raising money locally. Under this scheme, the US company would retain a large shareholding but local investors - probably large institutions - would be invited to invest either in the consolidated European group or the individual national com-

One advantage of this new structure would be to give the European husinesses greater freedom to make acquisitions and take a more aggressive, entreprenential attitude towards expansion.

At the same time, the scheme would make it possible to give local management share options in the businesses

share options in the businesses for which they actually work.

Second, the European operations have already been reorganised to give greater emphasis to the views of the local management team. At the centre, Thomas has set up a new European Strategic Board bringing together the general managers of each of Altos's operating subsidiaries.

The idea of this, he says, is to avoid the situation where a large centralised hureaucracy dictates the actions of the

dictates the actions of the national operating groups. instead, the overall policy direction is being made on this board by the local managers meeting every two months or so. Everyone, says Thomas, is able to gain this way by swap-ping information about successful local experiences; and the managers themselves are left freer than under the old structure to follow their entre-preneurial hunches in their own bailiwicks.

Channelled

"I didn't want to construct a European headquarters that would emphasise the position of any individual country," says Thomas. "If you do that, you find that managers down the line are complaining that no-one at the centre understands their problems."
Third, all the main func-

tional operations of the central organisation are also being channelled through pan-Euro-pean bodies. Under the board are five committees covering sales, support (field services and software), finance and administration, marketing communications (advertising and public relations), and prodnct marketing (defining specific product needs).

ese central committees hring together the managers running these operations in each of the regional companies; the chairmanship is rotated so that none of the operating groups can feel that

it is being exploited at the expense of the rest.
Fourth, Thomas is moving swiftly to set up product design and engineering facilities either through acquisition or organic growth. At present, both hardware and software is

imported. But Thomas argues that it would make sense to develop software for many products in the European companies; electronic mail is one example where European technology is on a par or even more advanced than in the US. He is

developed in the US and

advanced than in the US. He is already negotiating the take-over of a UK company in the software engineering field.

Finally, the European company is looking to establish local assembly and manufacturing over the longer term. Thomas believes that it may be prudent to produce in Europe as a defence against potential trade restrictions after 1992. But at the same time this would be another element in establishing the independence of the European operations, and he is already considering technology transfer agree-ments to ensure the group's ahility to manufacture in

Europe.
One of the striking things about Altos's plans for this new confederation-type struc-ture is that they are reminiscent of similar proposals put forward two years ago by LSI Logic, the leading Californian-based producer of semi-custom

chips.

The similarity is by no means accidental. Wilf Corrigan, another Englishman who went West to take advantage of the US venture capital indus-try, sits on the Altos Board.

Corrigan's own plans for a London flotation of LSI's Euro-pean interests ran into some problems with Stock Market officials because the company was not regarded as sufficiently European in character. Altos appears to have taken note of that mistake. Although it is unlikely in the initial stage at least to seek a quotation, it is doing as much as it can to look like a European company. "We have learned from the LSI experience," says Thomas. This is what has led us to saying we have to have companies which are truly independent."

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE IN THE MATTER of DISCLIDATED COLD FIRE OR PLC IN THE MATTER of

ART GALLERIES

EXHIBITIONS

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The Royal Academy. Henry Moore, a full retrospective exhi-bition to mark the 90th anniversary of the birth of one of the great artists and pre-eminent sculptor of the 20th century. Ends Dec 11.

Ends Dec 11.
The Royal Academy. Toulouse-Lautrec: The Graphic Works.
Comprehensive selection princi-pally of lithographs, from the collection made by Otto Gersten-berg of the work of this innova-tive dranchibanen. Joint admistive draughtsmen. Joint admis-sion tickets are generally tions. Ends Jan 4

The Taie Gellery. David Hock-ties: A Retrospective. London's main gallery of modern art offers a full study of the golden boy of British art at the age of 50. it concenirates on the paint to consensues on the painting rather than graphic work of this most prolific of artists, who has enjoyed popular success from the very start of his career, Ends

Louvre. Pavillon de Flore. Rem-brandt and his school are on show in two exhibitions at the Louvre. 72 drawings constitute a panorama of Rembrandi's mas tarly work and can be compared with 54 drawings exacuted by his pupils. The other exhibition ns pupils. The other exhibition consists of 29 canvases by Rembrandtesque artists and is aspecially interesting in view of the recent controversy about attributions of some of Rembrandt's own paintings. Both exhibitions closed Tue, the first ends Jan chosed Tue, the first ends Jan 30, the second March 27. Entry from the Quai des Tuileries, opposite Pontroyal (42 60 39 25). Galerie Odermatt-Capean, Cam-Galerie Odermati-Cazean, Cam-ille Claudel 1864-1943. The sculp-tor, a disciple and lover of Rodin, whose tragic life, ending with 30 years in a mental asylum, inspired a book and now a film, is the subject of an important exhibition. There are 14 of her exhibition. There are 14 of he works, mostly bronzes, with a towering Persens and Gorgon in marble. The exhibition is completed by seven bronzes by Rodin, including, young and beautiful, adding the last touch of pathos. 85 Bis, Rue on Fog. Saint-Honore (42 66 92 58). Closed Sundays, ends Jan 31. Galerie Daviel Malingue. Maitres Impressionistes et Modernes. Vicira da Silva, with an image broken up in countless slate grey squares, their perspective plung-ing ad infinitum, opens an exhi-bition strong in colour and rigorous in choice, a powerful Max. Ernst, placing large shell-like flowers into geometrical surfaction a gradation of greens, dominates the first room, A Matisse pen and ink drawing of flowers and arabesques leads on to a striking Van Dongen mide set off by broad bands of intense

yellow, red and blue. There is a sun-flooded painting of mother and child by Valtat and a bridge and child by Valist and a bridge reflected in a river by Marquet. Landscapes in glowing colours by Renoir and Gazguin are contrasted by a finify snow scene with deer by Courbet. 26 ave Matignon (42 65 60 33). Closed Sun, Mon mornings and hunchtimes. Ends Dec 24.

Grand Palais. Selcento. Caravaggio's century in French collecgio's century in French collections. A dramatic production by Pier-Luigi Pizzi against a background of baroque music some 170 paintings retrace the some 170 paintings retrace the linian school's triumphant prog-ress from the end of Manierism to full-blown baroque. Closed Tue, late closing night Wed (42,56,08,24). Ends Jan 2. Chapelle de l'Ecole des Bessix Aris Evens Difere to Regultie.

Arts. From Dürer to Ber Some 136 drawings lent by the Kunsthalle in Hamburg retrace the panorama of German graphic art. From the slightly rustic realism of the 15th and early 16th century, with Hans Bakung Grien's solidly built Eve and Dür-er's quaintly dressed lovers, through the 19th century roman-ticism of Casper David Friedrich and on to the nightme arts tollow closely German's temborary images, the visual ann on to the influenzazin conhistorical destiny. 14 rue Bona-parts (49.27.01.18). Ends Dec 31.

Le Botanique Contemporary
Soviet Painting, Works of 12
modern Soviet painters including
Stsinberg, Rocter, Edagveradze,
Flistov, Chrikov, Yankilevsky.
Closed Monday, Ends Dec 31.
Musée d'Art Moderne, 1-2 Place
Royale. The First Group of Lactinen-St Martin 1899-1914. A tribniet o the colony of Flemish artists whose stylised paintings ists whose stylised paintings of rural and religious themes were to inspire a later school of Flemish expressionists. Cle of Fleman expressions.c. Cause Mon. Ends Dec 31. Musée d'Art Ancien. From Manet to Picasso: The Reader's Digest Collection. Impressionist and Post-Impressionist works from the corporate headquarters in Pleasantville, New York, Closed Pleasantville, New York, Closed Monday, ends Jan 22. Palais des Beaux-Arts, 23 rue Ravenstein-Claes Oldenburg. A Bottle of Notes and some Voy-ages. Sculptures, drawings and models that reach beyond the genre of Pop Art. Closed Monday. Ends Dec.30 (512 50 45)

Koninktijk Massum Voor Schoue Kunsten. Leopold de Waelplein. Golden Light: Art of the Icon. Contains 185 icons dating between the 13th-17th Centuries. Many of the Byzantine, Cretan and russian icons are on public view for the first time and are lent mainly from private collections. Closed Mon. Ends Feb 5.

Ends Jan.15. (08 232 47 47)

Karopean Baroque Painting: As a gesture of reconciliation 66 17th and 18th century paint Museum are to be exhibited in Brannschweig, 50 years after the German invasion of Poland. In 1939 Warsew capitulated before the German troops as before the German troops and the newly finished National

Museum was occupied and all the pictures transferred to Germany. Fortunately nearly all of them were subsequently returned to the Museum. This exhibition concentrates on the Dutch painters Gerard ter Vorch, Hendrick ter Brugghen, Jan Stee, Salomon van Ruysdael as well as painters current with Re brandt, with a group of Carvaggio followers and the German and Austrian 18th century painters with works by Januarius Zick, Franz Anton Maulbertsch and Anton Graff. This exhibition will be seen in Braunschweig Herzog Anton Ulrich-Museum until Jan 29, and tours after-

Historisches Museum der Stadt Wien (The city of Vienna's Museum for history). A co oration of Kristallnacht, w took place throughout Austria on the night of November 9 and 10 1938. This exhibition, which takes the form of alides, pictures and maps depicting Austria's 180,000 strong Jewish community hefore 1938, is an attempt by the before 1968, 15 an attempt by the Austrian Government to become more open about its ignominous pest. Ruds Jan 39.

Minseum filir Volkerkunde. The minseum has put together from all over the world, Two hundred years of Australia, 40,000 years of Australian.

of Australians. of Australians.

Messepulast. Poet-war Austrian
sculptures include Alfred
Hirdficka, probably the country's
most celebrated artist. His work
alcone with several of his country. along with several of his contempories are on display for several more weeks. Hermes Villa. Portraits by the

le artists. Gustav Klimt and Emilie Floege. Ends Feb 19.

Ex-borsa in Campo Boario. A lively and absorbing show of works in various mediums by ing in Rome, none of whom have yet shown at major exhibitions such as the Venice Birnnale, the exhibition is sponsored by as provided a splendid setting in the restored ex-auction roo of the disused city slaughter-house. Until Dec 11. Palazzo dei Conservatori (Car dogito). Glass of the Cae Queues are stretching right across kitchelangelo's Piazza, waiting patiently for a glimpse of the immensely sophisticated ornamental glass and tablewar

belonging to the imperial Roman

Museo Correr a la napoleonica: Giorgio de Chirico (1888-1978): Robenshule 9-11 Wapper, Antwerp silver from the 16th, 17th and 18th Centuries. Open daily. a major retrospective organised jointly by the Galleria Nazionale d'Arte Moderna in Rome and the Giorgio de Chirleo Founda-tion to celebrate the centenary of the painter's birth. On show tre over 150 works from public are over 150 works from public and private collections, including the Metropolitan and Guggenheim in the US, and the Pompi-dou in Paris, by a painter declared dead in the 1920s by Andre Breton, author of the sur-realist manifesto, who disliked his change of style from metaphysical to poetic. Ends Jan 15.

New York Metropolitan Museum of Art. An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Con-fort Tiffany and Arata Isozaki, as well as the west facade of the Albambra that dates back to

1580. Ends Jan 8. New York Public Library. Two miliennia of Hebrew books and illuminated manuscripts feature 185 rare and beautiful works, half from the library's own col-lection and half borrowed from

Art Institute. Paul Gauguin. The artist's first major retrospective for 30 years includes more than 230 objects and paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

Washington

National Gallery. Phillips Collec-tion. The modern vision of the pastoral landscape, with works by Gainsborough, Constable, Blake, Eakins and Cezanne, among others, is part of an umprecedented 136-work, two part show, the other half of which, depicting Venician landscapes of five centuries. Ends Jan 22, National Gallery. Seven Centuries of Japanese Art, as it evolved under the feudal daimyo lords is the subject of a major exhibition of 450 specially desig-nated Japanese national trea-sures, including paintings, sculp-ture specie recited expole

ture, swords, painted scrolls, ceramics, robes and lacquer. Ends Jan 23.

National Museum. Treasures from the Horyuji Temple. The centrepiece of this small but exquisite exhibition from the great temple in Nara is the Kudara Kannon, a graceful camphorwood statue of the Buddhist produces of mercy, dating from goddens or mercy, causes the 7th century. Other works as of mercy, dating from include a "dream-changing" Kan-non, which the faithful believe will turn nightmares into sweet dreams. Statues, scrolls, masks, metalwork and furniture from Horyuji form part of the museum's permanent collection but, because of their extreme fragility, are only placed on public view on Thursdays. A visit on that day is therefore highly recommended. Closed Mondays. National Museum of Western Art. Japonisme. A major exhibition, seen earlier this year at the Grand Palais in Paris, which explores the influence of Japan on the art of the West in the late Horyuji form part of the on the art of the West in the late 19th century. The exhibits range 19th century. The exhibits range from the straightforward repre-

sentation of Japanese objects or an added exotic touch in a conventional portrait — such as Monet's depiction of his wife in a red kimono — to copies of Japanese pictures and scenes from Japanese life, Closed Mondays. Ends Dec 11. Telen Museum. Paintings by Leonard Fujita. Fujita (1886-1968) artists to live and work in France and his arrival in Paris in 1913 coincided with the first flowering of modernism. This representa-

tive selection of 40 oil paintings is drawn from all periods of his long career, Closed Mondays.

MUSIC

Royal Philharmonic Orchestra conducted by Andre Previn. Schoenberg, Brahms, Royal Fes tival Hall (Fri) (01-928-8800). Royal Philharmonic Orchestra, with the Brighton Festival Cho-rus, condcuted by Andre Previn Schoenberg, Brahms, Royal Fes-tival Hall (Mon) (01-928-8800). London Philharmonic Orchestra, conducted by Klaus Tennstedt. Schoenberg, Mahler. Royal Festival Hall (Tues) (01-228-8300).
BBC Symphony Orchestra, conducted by David Atherton. Messiaen, Berlioz. Westminster Cathedral (Thurs) (01-928-8800).

Nouvel Orchestre Philharmo que, with the Radio France Choir conducted by C. Bardon. Flo-rentz, Mendelssohn. Saint Gerrentz, Mendelssohn. Saint-Ger-main-des-Pres (Tue) (42301516). conducted by Georges Lebel, Maria Tipo, (piano), Mozart Salle Pleyel (Tue) (45638873). Aldo Ciccolini, piano. Debussy, Ravel, Satle, Salle Gaveau (Tue) (45632030). Orchestre de Paris conducted

by Daniel Barenboim, Isaac Stern,(violin). Beethoven, Dutil-leux, Tchaikovsky. SallePleyel (Wed, Thur) (45638873). Nouvel Orchestre Philharmonique conducted by Emil Tchakaroy, Roussel, Mozart, Theatre Champs Elysees (Thur) semble Orchestral de Paris' soloists. Brahms, Messiaen (Thur)Salle Gaveau (45632030).

Royal Concertgebouw Orchestr under Neeme Jarvi, with Boris

OPERA AND BALLET

English National Opera, Coliseum. The Christmas treat is a new production of a Rimsky-Korsakov rarity, Christmas Eve,

produced by David Pountney (in his own translation). Alber Rosen conducts, and the cast includes Cathryn Pope, Edmund Barham, Anne-Marie Owens, John Connell and Nigel Douglas Last performances of the second of Philip Glass's operas to be given by this company, The Mak-ing of the Representative for Planet 8, which leaves by and impression; and many more of The Mikado, in Jonathan Miller's jolly updated production. The Royal Ballet, Covent Garden. Sleeping Beauty remains in the repertory and on Dec 10 and Dec 12, Sylvie Guillem from the Paris Opera appears in Apollo and with her partner Laurent Hilaire in the Grand pas Classique. On Dec 14 Ashton's Cinderella returns as a Christ-

Theatre de la Ville. Josef Nadj in The Seven Skins of the Rhino-Ceros. Using surrealistic images, the Hungarian choreographer translates his childhood and war memories.(42 74 22 77)

Volksoper, Der Freischuetz, con-ducted by Diefried Bernet. Die Lustige Witwe, conducted by Herbert Mogg, Kiss me Kate

Berman (piano). Nordheim, Pro-koflev, Nielsen. Concertgebouw

(Fri), Radio Chamber Orchestra conducted by Lucas Vis with Roger Woodward (piano), Martin Kaay and Renee Domen (guitars). Menssohn. De Leeuw, Mess Mozart. Concertgebouw (Sat,

matinee). Rotterdam Philharmonic conducted by Edo de Waart with Nigel Kennedy (violin). Walton, Holst. Concertgebouw (Sat). Netherlands Bach Orchestra. conducted by Willem Wiese with the Amsterdam Mixed Choin and soloists in Bach's Christmas Oratorio. Concertgebouw (Sun,

Neeme Jarvi conducting, with Boris Berman (piano). Svendsen Prokofev, Reger (Wed, Thur). Concertgebouw (718 345). New Netherlands String Quartet. Schubert. (Tue) Recital Hall. ducted by Bryden Thomson and Nobuko Imai (viola). Vaughan Willatms, Walton, Elgar. Beurs (Damrak) (Sun),

Utrecht

denburg (Sun). Yehudi Menuhin conducting

Eindhoven

Fabrizio Ventura. Hansel und Gretel, conducted by Diefried Bernet. Ballet – Arthur Schnitzler und Artmuller. (51444.

Deutsche Oper. Otello has a star cast led by Raina Kabaivanska, Kaja Borris, Vladimir Atlantow and Renato Bruson. The rarely played Die Hugenotten features Angela Denning, Pilar Lorenga Anrea Andonian, Richard Leech and Victor von Halem. Hansel und Gretel is a Philippe Samusi production. Also offered Der Mes-sias, produced by Achim Freyer and Don Giovanni, conducted by Heinrich Hollreiser. Hamburg

Hamburg Opera. La Traviata continues with Julia Varady, brilliant in the title role. Gabriele Schnaut sings Isolde in Tris und Isolde with William Johns and Harald Stamm as Konig Marke, Der Nussknacker is a wonderful John Neumeier chore-

Stuttgart

Opera. Tosca is a well done repertoire performance. Also offered is the rarely played operetta Der Karottenkonig and Hansel und

Frankfurt

Opera. Der fliegende Hollander, Jonathan Miller's production returns with Robert Hale in the

Royal Concertgebouw Orchestra,

Radio Symphony Orchestra, conducted by Jean Fournet with the Broadcasting Choir and soloists. Poulnec, Les Six. Vredenburg (Sun, matinee). Amsterdam Bach Soloista Bach (Brandenburg Concertos) Vre-

the Netherlands Philharmonic with Dong-Suk Kang (violin). Badings, Dvorak, Mendlessoh Schubert. Vredenburg (Wed).

Amsterdam Bach Soloists. Bach

Berlin Philharmonic under Lorin Maazel. Yun, German premie of D. Glanert, R. Stranss and

title role. Also Der Barbier

(Brandenburg Concertos) (Sat).

The Mozarteum Plano Trio. Eder, Mozart, Beethqven (Wed).

Mauricio Kagel conducting his own compositions with the New

Wiener Bach soloists, conducted by Ernst Wedam. Dora Schwarz-

by Ernst Wessin. Both Schwarz-berg. (violin). Beethoven, Schwb-ert. Musikverein. (Pri). Wiener Symphoniker, conducted by Sandor Vegh, with Erich Hob-

art, (violin). Haydn, Mozart. Kon-

Boston Symphony Orchestra, conducted by Seiji Ozawa. Mah-ler. Musikverein. (Sat, Sun). Chamber Orchestra of Europe,

conducted by Yehudi Menuhit with Marieke Blanksteijn (vio-

Schubert. Konzerthaus (Tues). Camerata Academica, conducted by Sandor Vegh, with Andras Schiff (piano), Heinz Holliger, (oboe), Aurele Nicolet, (finte).

Gershwin-Gala 88. Porgy and Bess with the American Opera Orchestra under Emmett Steele with soloists Karen Parks, Emer-

son Green and Assia Zlatkova.

James Galway and pianist Philip Moll. Dvorak, Feld, Back and Prokofiev. Alte Oper (Sun).

nble (Thur). POC Theatre

Globe (11 11 22).

zerthaus (Fri).

title role. Also Der Barbier von Sevilla and Cost fan tutte. Fidelio brings Sabine Hass, William Cochran, Hartmut Welker and Franz Mayer together, Artifact danced to music by Stravinsky is a William Forsythe choreogra-

Netherlands Opera, Muziekthea ter. Madama Butterfly directed by Monique Wagemakers, Lucas Vis conducting the Netherlands Philharmonic, with Hiroko Nish-ida (Cho-Cho-San), Jonathan Welch (Pinkerton), Anne Mason (Suzuki) and Henk Smit (Sharss). (Fri, Tue). (255 455).

two works by choreographer Mats Ek, Park and Norbotten (Wed Thurs).

Ronconi's complex and realistic production of Rossini's William Tell, in its full-lenth version of over five hours. Ronconi makes use of film of the shores of Lake Lucerne and surrounding mountains and forests projected onto the backdrop, and the ballet in the third act (by Danish choreograpber Flemming Flindt) is performed on real grass. American tenor Chris Merritt sings Arnold, Giorgio Zancanaro the title role, and Lella Cuberli alternates with B. Blacher, Philharmonie (Sun,

Cherubini Quartet and Eduardo Fernadez (guitar), Haydn, Bach and Castelmuovo-Tedesco, Herk saal der Residenz (Sun). Boston Symphony Orchestra under Seiji Ozawa. Rossini, Moz-art, Beethoven. Munchen, Herku-

(687.59.53).

Gonfalone Orchestra with violinist Federico Agostini. Mozart

aal der Residenz, (Mon).

Milan Horvat conducting Shostakovitch with soloist Antonio Meneses, (piano). Kodaly and Bartok. Teatro Margherita (Sat.

and Sun.) (58.93.29)

New York New York Philharm ducted by Zubin Mehta, Leon Reicher (plano), Carter, Britten, Ravel, Avery Fisher Hall, Lincoln Center (Tue) (799 9595). New York Philharmonic conducted by Zuhin Mehta. Mes-siaen, Mozart. Avery Fisher Hall

Lincoln Center (Thur) (799 9595).

Chicago Symphony Orchestra conducted by Gunther Herbig, Shura Chericassky (piano). Haydn, Tchaikovsky, Brahms. Orchestra Hall (Tue) (435 8122).

NHK Symphony Orchestra, conducted by Marek Janowski.

Cheryl Studer as Mathilde (Sat and Wed) also a concert performance of Verdi's Simon Boccane

gra conducted by Georg Solti, with Kiri Te Kanawa, Paata Burchuladze and Leo Nucci. (Sun)

Teatro Comunale. Pier-Luigi Samaritani's production of Pucci-ni's Madame Butterfly conducted by Bruno Bartoletti, with Cather-Malfitano (Cho-Cho-San), Mario Malagnini (alternating with Richard Leech) as Pinker ton and Jonathan Summers (Sharpless). (Fri, Sun and Wed.) Box office: 2779236.

Teatro Olimpico. The Cullberg Bailet of Stockholm performing

Opera. Winter season opens with Riccardo Muti conducting Luca

New York

Metropolitan Opera House, Lincoln Center. The first seasonal performance of Le Nozze di Figuro is conducted by Mark Elder in his premiere season, with Roberta Alexander as Perina Haik Wang Hong as Rosina, Hei-Kyung Hong as Susanna and Thomas Hampson as Almaviva. Sonia Frisell's production of Aida features Leona Mitchell in the title role, Placido Domingo as Ramades and Sher-rill Milnes as Amonasro, conducted by James Levine, Performances of Madama Butterfly continue, conducted by Myung Whun Chung, with Yoko Watan-abe as Cio Cio San and Giorgio Lamberti as Pinkerton, Marilyn Horne plays the title role in Carmen with Veriano Luchetti as Don. José in Paul Mills's staging conducted by Placido Domingo.

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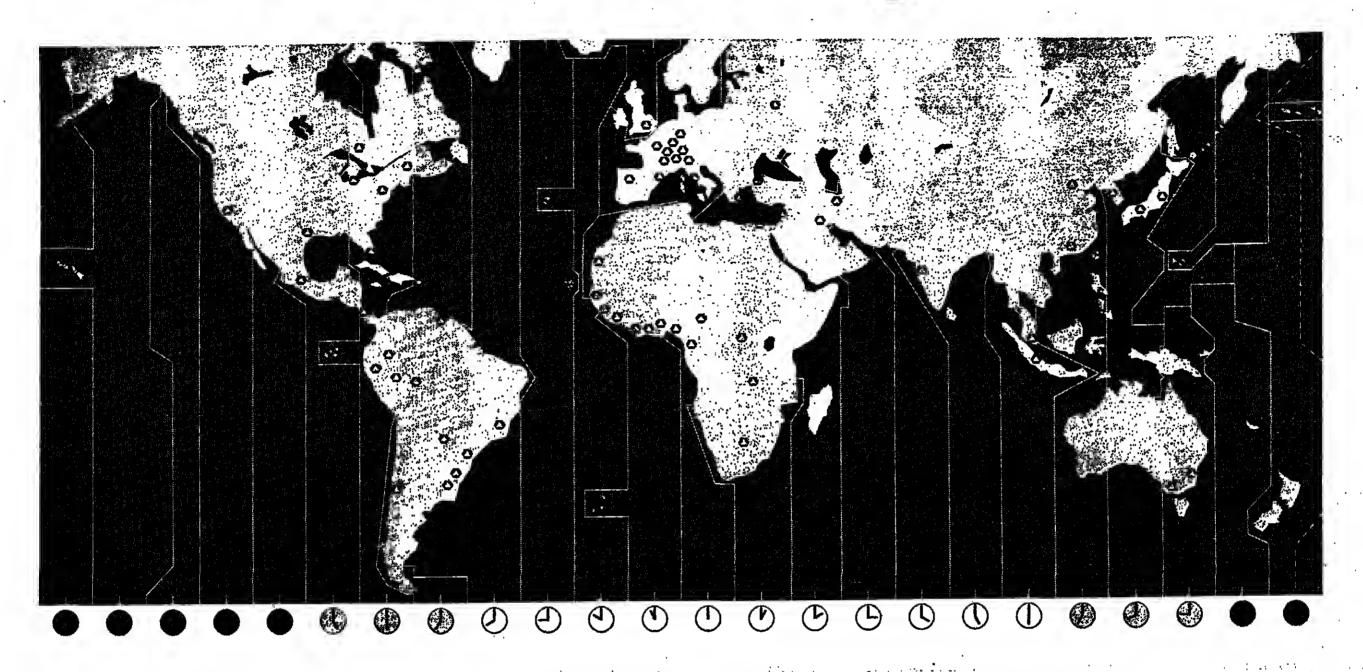
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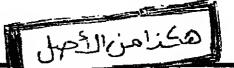
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Peter Copley and Alan MacNaughton

Artist Descending A Staircase

DUKE OF YORK'S THEATRE

Tom Stoppard's 1972 radio play, like the stage play of the same year, *Jumpers*, is a whodumit. An artist lies dead at the foot of a rickety staircase. His two friends and fellow Surrealists spool through a loop of recorded evidence.

This is the Kings Head production reviewed here in duction reviewed here in August by Claire Armitstead, newly designed by Carl Toms and with one cast change. Alan MacNaughton has replaced Frank Middlemass as old Donner, a painter who has renounced the avant-garde, "that child's garden of easy victories," and is trying to reproduce his beloved Sophie as she really was.

as she really was. Like some demented fore-bear of Ian McKellen in *Hence*forward, old Beauchamp (Peter Copley) is still composing atonal plinks and plonks. Old Martello (William Lucas) has constructed a metaphorical scarecrow sculpture of Sophle and is searching for one of her lost teeth. Her bosom is a pair of pears. Jokes about modern art abound, one or two of them

funny.

The play is a slight vaudeville on modes of perception in art, ways of seeing in general. Best of all, the discussion of aesthetic chaos is contained, with Stoppardian apiness, in a tight structure of palindromic symmetry. Imagine an egg-timer. The action flows backwards in time to a flashpoint of manifesto and actuality in the First World War, then fills up again to where we started. Eleven scenes, 85 minutes

playing time.

The process is not gradual.

The artists are old, then played by younger actors bewitched by the blind Sophie (Sarah Woodward) who stumbles upon their "Frontiers of Art" exhibition and is later reported tragi-cally defenestrated. She identifies the younger Beanchamp (Gareth Tudor Price) as the one she spotted (when less blind), and fell in love with,

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standing by a picture of black railings on snow. But the besotted younger Donner (a most touching performance by John Warnaby), his older self realises, was standing by the likeness of a white fence with black gaps. He was her chap after all.

The central scenes establish the English tentativeness that hardens into eccentricity while at the same time they lack a real stageworthy density. The cumbersome, cheap-looking scenery only emphasises such missing virtues of radio drama as complete freedom of imaginative movement and smart, snappy contrasts of mood and elision.

You also lose the subtle interplay between shadowy British fictional characters and the odd allusion to European Surrealism. Marcel Duchamp's painting of "Nude Descending a Staircase" is a clattering cubist blur of a deco marionette. There is no story behind it except the instant fame accorded the artist when it was shown in New York in 1913. Ten years later, Duchamp tem-porarily renounced art and

Are these three men by any chance related to Dnchamp and his two brothers? Duchamp at one point occu-pled an attic studio with a tin bath, and old Donner is incensed that his face flamel is being used to clean it out. The unattained Sophie may be an echo of Duchamp's strong relationship with his sister

Suzanne. Unlike another radio play. After Magritte, Artist is not about decoding or explaining in narrative terms. It is about m narrative terms. It is about tricks played by memory and weakening ties of friendship. On this level, Tim Luscombe's production delivers hand-somely. But the show, as a show is not much of one show, is not much of one.

CINEMA

Elfin nonsense, Gothic spoof

"Brownies" are not small chocolate-fla-voured cakes, "Datkinis" are not cocktails and "Nelwyns" are not Welsh descendants of

Charles II's mistress.

They are all different tribes in Willow, a 40-million-dollar kiddies' extravaganza directed by Ron (Cocoon) Howard and produced by George (Star Wars) Lucas. This, you will suppose, is just the the stuff to take the children to before Christmas. But wait: you are almost at the front door and I have not told you the plot yet. Remove Junior's scarf and listen for a mome

ten for a moment.

Deep in the land of legend dwells the evil Queen Baymorda (Jean Marsh). Ruler of the Daikinis, she is doing terrible things to the Nelwyns (little people) and the Brownies (even littler, about cigar-size). Only Willow the Nelwyn (Warwick Davis), with the blessing of his tribe's High Aldwin ("I will consult the bones"), can save civilisation as we know it. So off romps our little chap So off romps our little chap from his wee thatched village, rom ms wee thatched village, picking up a saviour baby en route, plus two Brownies and a swashbuckling Daikini outlaw (Val Kilmer) — and lot battle is joined between Good and Evil.

Can Willow triumph? Can Queen Baymorda extinguish the babe before it grows up to become a sub-Wagnerian hero? And can the actors sustain the right look of vatic inspiration when dispensing lines like "Magic is the bloodstream of the universe"?

When showcased at Cannes, this runaway elfin nonsense drove my colleagues into a search for adequate pejoratives. But perhaps because I was dropped on my head as a child, I sneakingly enjoyed it. True, the tweeness is extreme. (Half an hour in the Nelwyns'

WILLOW Ron Howard, George Lucas

> HIGH SPIRITS Neil Jordan

THE BEDROOM WINDOW Curtis Hanson

BLUE JEAN COP James Glickenhaus

CALL ME Sollace Mitchell, Karyn Kay

Disneyland-style thatched village and you are anxious for a rest-cure in inner-city Liver-pool). True too, there are arch in-jokes for the cine-knowing: the Dalkinis' military chief is called "General Kael," after the famed and waspish New Yorker film critic.

But the Special FX are good, the designer landscapes are pretty and the monsters are terrific. These include two-headed dragons, glant wart-hogs and an entire metamorphic menagerie – lion, ostrich, tortoise – turned into in one multiple-transformation scene by Patricia Hayes. Never mind the hand-me-down folklorism of much of the plot, which comes from Tolkien via the Grimms. Enjoy the vigour and the visuals in a movie that is at best a pop-up picture-book come to life.

Do not, however, allow the generous Christmas spirit to push you towards *High Spirits*. Every good film-maker is allowed one aberration and this is Neil Jordan's. The director of Company Of Wolves and Mona Lisa has decided to go knockabout — the last style, one would suppose, to suit his

tenebrous Celtic temperament - and has feshioned a self-destructing Gothic spoof set in an Irish castle.

Peter O'Toole, declaiming eway as if at a beleaguered matinee of *Macbeth*, is our host Peter Plunkett. Gravely in need of liquid assets, apart from those he imbibes from a bottle of Jamesons, he decides to convert his ancestral pile into a hotel: or as O'Toole would say, "an hotel." Soon the castle is kitted out with trapdoors, flying ghosts, revolving beds and the like, and the first coachful of guests arrives, led by warring young American couple Steve Gutten-berg and Beverly D'Angelo. The haunted-house fun and games begin, but before you can say "Gormenghast" a real ghost turns up (beautiful Daryl Hannah) to confound confu-

Hannah) to confound confusion and provide paranormal romance for Mr Guttenberg.

Laugh? After half an hour, you should check your pulse to ensure you are still alive. The gags have a 99 percent failure rate, and the actors — as if sensing it — try to compensate hy overacting. This makes things worse, as does the jaunty, make-em-laugh fiddle music and the tendency of every supporting character to come replete with a tic or deformity. O'Toole bestrides the whole business magisterially: not so much like a Colessus, more like a lordly drunk sus, more like a lordly drunk who realises that if he ever stops talking the film will collapse around him like the house of matchsticks it is.

The rest of the pre-Christmas movie season is choked np with crime thrillers. Best just - is The Bedroom Window, written and directed by Curtis Hanson. Young Baltimore architect Steve Gnttenberg (again) is in bed with his boss's wife Isabelle Huppert

his window. Miss H sees the assailant but is reluctant to

hear witness, thereby fanfaring her presence in Mr G's flat. Mr G does not see the assailant but telephones the police anyway. To La Huppert's dumbstruck look as he picks up the phone, he explains: he will tell the police that he saw what she saw. Huppert coos appreciatively, "Zat's ze most romantic seeng I evair aird of."
So far, so neat and promis-ing. But soon the plot is wandering all over the place, like a

mental patient who has found the asylum gates open. The wildly implausible (murder and mayhem at the ballet) josand maynem at the ballet los-tles with the wildly contrived. (Huppert is replaced in Guiten-berg's love life by the attempt-ed-rape victim, Elizabeth McGovern), and Guttenberg himself changes from number one witness to number one suspect. By final reel the Baltimore night echoes to the screech of car-chase tyres and the even louder screech of wild-goose-chase coincidences. Blue Jean Cop, from James (The Exterminator) Glickenhaus, is at once more hang-loose and more hardboiled Scene: Manhattan. RoboCop's Peter Weller, this time robed in buman flesh as a Legal Aid lawyer, wants to flush out a network of corrupt policemen. Too many cops are getting rich

by stealing cocaine from dealers. Helped by hirsnte undercover detective pal Sam Elliott (with the shoulderlength grey hair and macho-grizzled voice like a kitchen blender on underdrive), he does what a man's gotta do to combat evil in New York City. He wrecks cars, jumps into rivers, beats up suspects, terrifies passing civilians, wrecks more cars, beds the Assistant

District Attorney (Patricia



The evil Queen Baymorda: Jean Marsh in "Willow"

Charbonneau) and finds a suitably picturesque building, in the abandoned-warehouse style, in which to have the final shoot-out. In short Blue Jean Cop is the mixture as

Call Me recalls Miss Charbonnean for another New York-set thriller. This has one claim to originality: a heroine who is turned on rather than off by an obscene phone-caller. But that novelty past, we are into a ragout of violence and and predictable than Blue Jean Cop. Transvestite prostitutes are murdered: a bag of Mafia money goes walkies: psychotic killers are loose: best friends cannot be trusted: throats are cut: fish tanks are overturned and smashed. The film is long, violent and incoherent. Anyone who wishes to make an obscene phone call to screenwriter Karyn Kay or director Sollace Mitchell is welcome to

borrow my phonecard.

Nigel Andrews

Heap and Wall

SHAW THEATRE

The Broker's Men in last year's Shaw panto are back by themselves for a two-man show until December 17. It seems almost perverse that they will not be performing in what by all accounts, including Michael Coveney's on this page, seems their ideal format. Their act is whistle-clean and andienceinvolving; on the other hand the comedy links between their set pieces of slapstick, acrobatics and juggling are conventional and routine. Their work cries out for pantomime to give

Mick Wall is stocky and

The Dntch bass-baritone

Robert Holl returned to Lon-

Robert Holl returned to London on Wednesday to give his account of the Schubert songcycle, in the company of the pianist András Schiff. Mr Holl has already gathered a large following — for this Winterreise the "sold-out" signs were needed — and evidently gave it much to admire on this occasion: during the unfolding of

sion: during the unfolding of the songs the atmosphere in the hall was hushed, and, after

It is always a disconcerting experience to supply the

minority voice, the role of out-sider at the feast. I sat through

WIGHORE HALL

Die Winterreise

bearded. His faintly vulpine features are mobile, and his body's neat, disciplined flexi-bility bespeaks mime training (at the Lecocq School in Paris).
Alan Heap is skinny and clean-shaven, at first glance the straight man, Ernie to his partner's Eric, Both are Yorkshiremen.

Wall warms up the audience with animal and car impersonations. The evening's main business is a cut-price version of Molière's Le malade imaginate in which the two play five of the twelve characters. This entails winkling volun-

unmoved, unstirred, unin-

volved. The total commitment of the singer, and his consid-ered, lived-in, thoroughly-worked view of the drama-in-

song, could only merit respect and admiration: he stands on

the platform, a large, wracked,

North European figure grip-ping his hands or stretching his arms at moments of anguish, living the role of the traveller from the inside.

But for me Mr Holl's actual

singing proved considerably less impressive – and, since it

is (of course) by means of the

singing that the experience is focussed, this added up to a

grave disability. To the down-

teers from the andience, three pretty girls if the first night is typical, and whittling them down to one to play Orgon's daughter with an eliminating game, television-style. Tall blonde Katy took it in good part, especially the climax of her performance when she was required to stand on the stomach of her father's corpse suspended between two chairs, a piece of business the Comé-die Française has maccount-ably omitted for three centu-

The snatches of Molière are further served by Heap as the

in Schubert by his category of sive.

darkening of colours that this

always entails, he adds a matt, unresonant range of tone col-ours that tends to limit the

vocal line to noble glumness.

The soft singing which he so conscientiously purveys is too often breathy and toneless; the music never seems to leave its

interpreter's throat in any

quick, direct-striking way. On this occasion the ability to let

Schubert's melodies take over the burden of expression (in, say, "Die Post" or "Im Dorfe")

was not in evidence; the effect of two-dimensional sincerity

ward transpositions required was cumulative and oppres-

maid (donning an apron and straddling squatly like a Sumo wrestler) and Mme Orgon (a balloon up his shirt and in one of the silliest masks, an expres-sion of supremely sultry idiocy on its face, that I have ever seen). They are interspersed with bouncy physical routines, a song and a brilliant turn that combines comedy with spin-ning Indian clubs, Their run ends before Christmas, but they make a good show for children. In a pantomime they would be even better.

Martin Hoyle

In all of this there was, for

me, the most curious contrast between the heartfelt, earth-

bound singing and the delicate nuancing of the piano-playing. Mr Schiff's Schubertian inflec-

tions and details were as exqui-

site as ever. With another singer, I felt, his use of rubato

and slowing down of slow tempos ("etwas langsam" almost always losing the "etwas") might well have

Max Loppert

seemed more spontaneous.

December 9-15

London Brass

QUEEN ELIZABETH HALL

London Brass is the Philip Jones Brass Ensemble reborn, after its director retired from trumpet playing in 1986. It is currently touring for the Arts Council Contemporary Music Network with the young pia-nist Rolf Hind, The literature for brass and piano is not large, and two of the best known examples of the genre anchor their programme — Janaček's Capriccio (for which they recruit flantist Edward

Beckett) and Xenakis's Eonta. On his own account Hind contributes two piano pieces y (who else?) Messiaen: "Regard de l'esprit de joie" from the *Vingt Regards* and "Le Courlis cendre" from the Catalogue he plays with the birdsongs of the "Courlis" in a way that was far removed from the stricter objectivity of the performances of the complete Catalogue earlier in the week in the same hall.

London Brass expands to ten players in John Tavener's Trisagion for antiphonally sited quintets, in which fragments of Orthodox chant serve as the basis for a ritualised exchange of statement and decorated response that is overlong for the strength of its material and thoroughly lacking in rhyth-mic variety. Poul Rnders's Breakdance, for the Fonta complement of piano, two trumpets and three trombones, is alto-gether terser and much more fun - eight minutes of bounding propulsive figuration in which piano and brass jostle for prominence until the piano veers off into territory of its own. It is a vivid, snapshot piece, and fiendish to bring off;

Hind and the brass players

Two nights earlier, on Monday, Radio 3 broadcast a European Broadcasting Union concert from Copenhagen with the Danish Radio Symphony Orchestra under Michael Schonwandt that included the first performance of a far more substantial Rnders work. Monodrama for percussionist and orchestra is the latest element of the giant concertante trilogy that Ruders has projected; another component, with solo plano, was heard in London earlier this year. It turns out to be another of

his explorations of dark, subastounding facility and instinc-tive rhythmic flair, poeticising which bleak pessimism prevalls and violence is never far from the music's surface. It is cast in single movement lasting roughly half an hour; two-thirds of that span is devoted to music that struggles constantly to lift itself out from the depths - the orchestra is predominantly dark hued (without flutes, trumpets, violins or violas) and shafts of light, sudden skeins of sharper-edged lines, never gain a convincing hold, while the per-cussionist's function appears to be one of provoking the music to ever greater extremes. When the struggle is abandoned, a fractured march emerges, and that pushes the work towards a catastrophic climax. Ruders' travels in this psychological hinterland con-tinue to amaze and disturb: a

major stage work must surely be their natural outcome. **Andrew Clements**

Michael Coveney Mr Holl's performance quite

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Trabzon

THEATRE

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing, Guinness, back on the London stage after 10 years, is in subtle virtuoes form as the in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (380 2678, cc 839 1438).

Measure For Measure (Barbican). Pick of the RSC London repertoire, a gripping revival by Nicholas Hytner, strongly acted, with witty dealign references to Lloyd's of London and the Pomition Centre in Paris (638 8891).

Lloyd's of London and the Pompidou Centre in Paris (638 8891). The Secret Repture (Lyttelton). Brilliant new David Hare piece for the National Theatre, a satirical but moving romance on life, love and family politics in Thatcher's Britain. The play of the year (928 252, cc 240 7200). Basy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing (379 6107). but worth seeing (379 6107). South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammer stein musical, with Gemma Cra-ven failing to wash the baritonal Emile Belcourt out of her hair

(839 5869). Follies (Shaftesbury). Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Soudheim's 1971 musi-cal, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre (379 5399).
The Admirable Crichion (Hay-brarket). Rex Harrison and Edward Fox in enjoyable revival of Barrie's imperishable comedy of class barriers and reversals on a desert island (980 9832, cc

379 4444). Dry Rot (Lyric). Brian Rix returns to the stage after an absence of 12 years in a 1950s farce that prefigures the capture of old England by the spivs and opportunists. A gamine classic

(437 8686).
The Shanghraum (Olivier). Recommended Christmas treat, as Boucicault's melodrama is given the full scenic works but is also tne tuli scenic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre cast led by Stephen Rea. (323 2252). Dec 17-25, Jan 5-10, 19-21. Brigadoom (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scattleh felicitals. scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected. (834 1317, cc 836 2428).
The Sneeze (Aldwych). Eight short Chekhov pieces — four vandevilles, four early stories — translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently furny (836 6404, cc 379 6233). Sngar Babies (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit sta-mina and star quality in a mined bag of course burlesque sketches (838 8388).

The Footsbarn Theatre with Babylon (Thur). Stadsschouwburg (24 23 11).

Findhoven The Footsbarn Theatre with Babylon, based on Bulgalov's Master and Margarita (Thur). Stadsschouwburg (11 11 22).

New York

Rumours (Broadhurst). Neil Simon's latest comedy is a saifsmion's taxest comeony is a sen-conscious ferce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Chris-tine Baranaki leads an ebullient cast in the inevitable but disap-pointing hit

cast in the inevalue and pointing hit.
Cats (Winter Garden). Still e sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically chine (200 sees). feline (239 6262). A Chorus Line (Shubert). The

A Chores Line (Souners). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genra with its backstage story in which the songs are used as ambitions rather than treating (200 5200). emotions (239 6200). Les Misérables (Broadway). The

magnificent spectacle of Victor Hugo's majestic sweep of history d pathos brings to Broadway lessons in pageantry and drama (239 6200). Starlight Express (Gershwin).

Those who saw the original at the Victoria in London will barely recognise its US incarn tion: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenary to distract from the hackneyed pop music and trumped-up, sllly plot (586 6510). Me and My Girl (Marquis). Even

if the plot turns on ironic mim-icry of Pygmalion, this is no clas-sic, with forgettable songs and dated leadenness in a stage full

of characters. It has nevertheless proved to be a durable Broadway hit (947 0033). M. Butterfly (Eugene O'Neill). The surprise Tony winner for

The surprise Tony winner for 1986 is a somewhat pretentious and obvious meditation on the true story of the French diploms whose long-time mistress was a male Chinese spy (246 0220). Speed-the-Plow (Royale). David Mamet applies his biting surcess and ear for the enaggarations of American Impages to Holbs. of American language to Holly-wood, in this screamingly funny and well-plotted expose of the film industry (239 6200). Thin industry (239 6200).

Phantom of the Opera (Majestic).

Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago
A Christmas Carol (Goodman)

William J. Norris celebrates his tenth season as Ebenezer Scrooge in the annual holiday production with a cast of 26, . directed by Michael Maggio. Ends Dec 28 (839 4141)

Tokyo Rabuki this month celebrates

the art of the Onnagata (female impersonator). At the National Theatre, 71 year old Living National Treasure, Nakamura Utaemon VI, plays one of his most famous roles, perhaps for the last time, in Meiboku Sendai Hagi (The Disputed Succession).
Performances at noon and (Wed, Park Merces) Fri) at 5pm (265 7411). Mean-while, the 4.30pm programme at Kabuki-za (541 3131) features Osome Hisamatsu, with 35-year-old Tamesaburo Bendo, who is

regarded by his large following among young Japanese girls as a paragon of grace and femininity. The 11am programme at Kabuki-za is of less interest. Both theatres have excellent earphone guides in English and comprehensive English programmes. Bunraku. The puppet theatre is one of Japan's most refined art forms. Each doll has three operators who remain in sight of the audience throughout the performance while a narrator

of the audience throughout the performance while a narrator at the side of the stage unfolds the story to a musical accompaniment. Evening performance at 5pm (plus 12 noon at weekends): Chushingura, the famous story of the 47 loyal retainers. Matinear performance at 11 mm. Matinee performance at 11am and 2pm (weekdays only): Tsubo saka, a moving tale of a blind musician and his devoted wife, ending with a beautiful dance. National Theatre (265 7411). Nob. (Wed). A double-bill of the Nob play, Kiso, and a kyogen comic interlude. Japan's most easteric art form is not to every-one's taste, but should be experi-enced at least once by everyone who wants to discover why

(423 1331). The Tempest. Directed by the prolific and ever-inventive Yukio Ninagawa, with music by Uzaki Ryudo. This visually enthralling production was seen at this year's Edinburgh Festival and transposes the action to Sado, Japan's own island of exile and mystery. Stylistically it draws on elements from the Noh thes-

Japan will never become a "wes em" nation. (Most other Noh theatres are open at weekends only. Check local press for details.) National Noh Theatre

tre. Imperial Theatre (201 7777). Still her numbers ("Get out

Little Feat

TOWN AND COUNTRY

funky, foot tapping, body swaying, that you would hope to hear at the best honky tonks south of the Mason Dixon line. There was, admittedly, a Californian gloss to the way the guitars meshed with the beat, but this was Southern blues, mixed with rock and country. The band had fallen apart before its driving force Lowell George was found dead in a hotel room in 1979. Now some of the originals have got together for a new album and a world promotional tour and they unwound a bit at the Town and Country in Kentish Town on Wednesday night. The place was packed; the atmosphere revivalist, and old

ghosts walked. There was no denying that the band misses George, who as composer. singer, and character ensured that a Little Feat concert could be a lifetimes experience. The by Giovanni Battista Caccini odd song and tambourine rat- for an early European scuiptle seemed on her best behav-

Little Feat was the best "good of the way and let a boy do a old boys" band of the 1970s.
They revelled in the kind of vour) were the raunchlest. Too happy, Friday night music, often the band promised with-out quite delivering, especially in the George classic "Willin". It was just like an old boys reunion — quite pleasant, glad I went, but left the memories

slightly jaded. The same could be said of another Sonthern boy, Steve Earle, at the same venue last week. By playing for three hours with a nice contempt for personal grooming he is obvi-ously hoping to displace Springsteen as the blue collar hero. It was relaxing and mildly amusing but the mate-rial is not yet strong enough.

Antony Thorncroft

SALEROOM

A Florentine marble hust of Christ the Redeemer, sculpted new Little Feat are too deferen-tial, too prone to special plead-ing, too proper. Even Bonnie Rait who came along for the London dealer Danny Katz. The price is an auction record

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Friday December 9 1988

Is sterling overvalued?

EXPORT-LED growth has been the holy grail of British eco-nomics for some thirty years. It is no wonder, therefore, that many pundits look on in hor-ror as the pound, following the carrot of a 13 per cent base rate of interest, wends its way upwards, to pass DM 3.23 earlier this week. The question now is whether the Chancellor of the Exchequer is promoting a disastrous overvaluation of sterling and, if so, whether he has any alternative.

There are lies, damned lies and statistics. It can be no surprise, therefore, to find that the available statistics on UK competitiveness give ambigu-ous answers. By the second quarter of 1988 the Internaional Monetary Fund's index of cyclically adjusted relative labour costs per unit of output was a mere 9 per cent below the peak reached in the first quarter of 1981 and 21 per cent higher than in the trough reached in the last quarter of 1986. Those who pay attention to this index are, naturally enough, in despair. But quite a different picture emerges from the cyclically unadjusted series, which is still more than 20 per cent below the 1981 peak (though a comparable proportion above its 1986 floor).

IMF underestimate

The IMF has almost certainly underestimated trend productivity growth in UK manufacturing, which means that the unadjusted figures give a better picture. The data on profitability provide strong support for this view. The net rate of return in manufacturing has risen, according to the official statistics, from 2.3 per cent in 1981 to 9.2 per cent in 1987 and the rate of profit in 1988 will probably be still higher than in 1987.

This last observation does not precinde the possibility that the UK suffers from a long term overvaluation of the real exchange rate. What remains true, however, is that the Chancellor's policy has not destroyed the competitiveness sector of today, at least so far. The ruh lies in the "so far." Fearful of current wage bargaining, the Chancellor might want to hear more squeaking from the pips. If so, further monetary tightening may be needed, since it is difficult to helieve that the currency would rise very much further without it.

stated desire to maintain ster-ling stability, on the one hand, and the aim of imposing higher interest rates than in Ger-many, on the other. Whenever the market believes the floor is close to the current exchange rate, a significant interest rate differential makes sterling a one-way bet. But the current exchange rate and interest rate diffarentials imply an exchange rate of DM 3 a year from now, a leval that the Chancellor will presumably welcome as an old friend. Adequate pressure

noted contradiction hetween the Chancellor's ambiguously

The question is whether tha implied level and path for the exchange rate will pnt adequate downward presaure on inflation. The implied deprecia-tion itself would be unhelpful since it would preserve the competitiveness of UK mannfacturing at current levels even if unit labour costs in UK manufacturing were to rise by 8 per ceot more than in West Germany over the coming year. In short, control over inflation depends simply on whether today's monetary squeeze is adequate, on which the jury is still out. The data money, consumer demand and earnings of the next few months will give the verdict.

As hudget time approaches, the Chancellor should also consider the role of fiscal policy, especially in relation to national savings. Since the Chancellor himself has admitted there is a creditworthiness constraint on international borrowing, he cannot logically be indifferent to the overall rate of national savings. For this purpose he will need to pay attention both to the over-all budget surplus and to fiscal incentives for savings.

Over the next few months, Mr Lawson faces a choice between leaving things as they are and tightening monetary policy still further. Since he, like his critics, wants to see rapid economic growth, he will inflicting excessive damage. Certainly, nobody wishes to see anything like 1979-81 again, but that is quite unnecessary. What must be remembered is that, given the rate at which demand has been growing, the choice is not between pain and no pain; it is between some pain now and another disaster at some time in the future.

Bhutto's shaky inheritance

BENAZIR BHUTTO'S coming to power in Pakistan is the most encouraging sign yet that the country is shedding its depressing tradition of military rule. Her Pakistan People's Party (PPP) emerged as com-fortably the largest aingle party in last month's general elections. In most functioning democracies she would have been the ohvious and immediate choice as Prime Minister.

The long delay in naming her to the post reflects the resistance to her from within the army, among the conserva-tive Moslem establishment and from President Chulam Ishaq Khan himself. They had boped that the election would provide a safety valve to release a pent-up public opinion, while denying power to the Bhutto family. The gamble might have succeeded but for Ms Bhutto's extraordinary skill after the election in exploiting her popularity to bring pressure on her opponents while at the same time manoeuvring adroitly in the difficult negotiations with the army and other political groups. The army leaders came to realise that to deey her power would risk another political upbeaval. Her administra-tion thus begins on a note of uneasy compromise.

Partly as a result of the concessions she had to make, she has lost some of the powers that go with being Prime Minister. The army has been able to maintain a substantial controi of defence and foreign policy - Mr Sahahzada Yaqub Khan, Foreign Minister under former President Zia-ul-Haq, has been kept on in his job. She will have the two men who, in effect, ran the interim government after Zia's death President Gbulam Isbaq Khan and Army Chief of Staff Aslam Beg – still looking over her shoulder. The Senate, elected in Zia's day and with a strong conservative majority. is against her. Most important of all, the opposition Islamic Democratic Alliance controls the government in the most populous province of the Punish.

Ms Bhutto's problems are compounded by her own inex-perieoce and that of her admin-istration, and by the enormous popular expectations that her victory has aroused. But the large hudget and balance of paymeots deficits that she inherits, as well as the climhing inflation rate, will oot allow for the largesse that her father distributed in his early days as Prime Minister. She also has to handle the

concluding stages of the Afghan conflict. Mr Gorbachev's proposals in his UN speech - for an arms embargo and a ceasefire at the start of the New Year - may help, if they can be made to stick. But, up until now, the Afghan resis-tance, the Pakistani army leadership and the US have been anxious to push the military advantage that the resistance groups have gained on the ground. In any event, the Russians are looking to Pakistan for the concessions that would help facilitate a political solu-

Ms Bhutto's strong card is that she will have the snpport of many within and outside the country who do not want to see Pakistan slip back into military rule. Foremost among these are the indians who dis-liked General Zia and warmly welcomed the return of democracy in Pakistan. They should not be afraid to make generous gestures which could help improve relations between the

two countries. The international financial institutions will have to sbow some understanding in the economic pressures they put on the country. But there should be no illusions that Ms Bhutpriorities will be governed by the prospect of fresh elec-tions in the not too distant future. She needs a broader mandate if she is to have the authority to govern properly. The temptation will be for her - as it was for her father - to pursue populist policies to enlarge her share of the vote. This would be a mistake. Pakistan desperately needs

somebody who can think and

FINANCIAL TIMES | FT writers assess Mikhail Gorbachev's UN announcement of arms cuts

he phrase coup de théatre is not part of Russian usage, but Soviet leaders seem to have got the meaning. Twenty-eight years after Mr Nikita Khrush-chev banged his shoe on the table, Mr Mikhail Gorbachev, in the same UN forum, showed his mastery of the subtler art of modern drama.

His announcement of wide-ranging cuts in Soviet forces, plans to pull back troops from Eastern Europe and Mongolia, and proposals for pacifying post-occupation Afghanistan, came in the last scene of the Reagan play's second act and fixed the audience's attention for the act to come. President-to-be George Bush responded to Mr Gorbachev's announcements on Wednesday with a line that a play-wright would give to a supporting character: "We're going to talk to him and find out what he's talking about."

Nato made its bid last month to upstage Mr Gorbachev by producing new figures on the balance of forces, more complete than before on the Nato side and more revealing about how Western intelligence views the composition and overwhalming numerical superiority of the Warsaw numerical superiority of the Warsaw Pact's ground forces, the only kind of forces that can take and hold territory. But Mr Gorbachev has seized back the public relations advantage, his UN speech timed nicely as Nato was about to agree its negotiating position for new conventional arms talks.

The crucial figures in the Soviet cutbacks for the next two years are the small ones, more than the big ones. Reducing the 5m-plus members of the Soviet armed forces by 500,000 is relatively easy to manage, considering that some 3m of the total, according to Western estimates, are conscripts doing military service. Effective cuts can be made simply by shortening the length of compulsory service, currently two years in the

army and three in the navy.

The surprise, and the cunning, in
Mr Gorbachev's blueprint is the way it addresses specific Western concerns about the Warsaw Pact's ability to catch Nato off guard and mount a large-scale attack. From East Germany, Czechoslovakia and Hungary, 5,000 tanks are to be pulled out with 50,000 troops, including assault landing formations and river-crossing units designed for rolling across West Germany. Six tank divisions, of the 28 Soviet tank and motorised rifle divisions which Western intelligence says are based in those countries, are to be dishanded, and a further 5,000 tanks pulled out of the western Soviet Union. Also to be withdrawn are one in four Soviet artillery pieces in Europe and one in eight combat aircraft, according to Western estimates of current deployments.

It is a most point whether Nato's life is made easier. The initiative certainly improves the atmosphere for the Conventional Stability Talks planned in Vienna, which are aimed at bringing forces down to equivalent levels. This implies, as Moscow has already accepted in principle but not in detail, much larger cuts by the East than by the West.

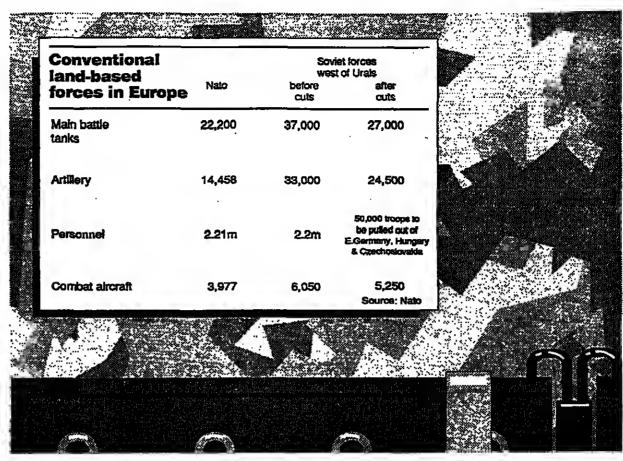
see where cuts are made before evaluating them. The most cynical view is that Moscow can afford them militarily just as much as it needs them economically. There is a growing real-isation in Moscow that the unwieldy, tank-centred tactics of the Red Army are inappropriate to the needs of late 20th century conventional warfare; this week's cuts would still leave the Soviet Union with a very large, and more modern-looking, armoured pres-

ence in Eastern Europe.

And the economic motives underlie
the recent desperation of the Soviet leadership to get the conventional

force talks under way.

The reason is not far to seek. The



The drama is in the small print

Soviet Union spends an estimated 13-17 per cent of gross national product spent on defence, four to five times the Nato average. Only with substantial conventional force cuts can Mr Gorbachev make the sort of large-scala savings on defence spend-ing which he urgently needs to switch resources to social spending, and the expansion of consumer goods production - both essential to the popular-ity and survival of his economic reform programme. At the same time Mr Gorbachev is very concerned at the huge budget deficit.

The INF Treaty to scrap intermedi-ate range nuclear weapons was all

very well as a disarmament gesture, but in cash terms it does not produce dramatic savings. Cutting troop num-bers, tank numbers and other weaponry will have that effect.

They are not, bowever, an easy option in Soviet political terms. Marshal Sergei Akhromeyev, Just 'retired" as Chief of General Staff, clearly wanted a harder bargain, in which Western strength in what Moscow considers "offensive" aircraft and on the seas would be tacklad before anything significant was given away. His approach would have entailed a slower process, as Soviet field commanders absorbed the implications of the new doctrines of "rea-sonable sufficiency" of forces and defensive defence"

Mr Gorbachev appears to have decided that the plight of the national economy and the state hudget was such that he had to have a showdown – even with such a loyal supporter as Marshal Akhromeyev. He must have won that political battle in the weeks before his UN speech, behind tha closed doors of the Kremlin.

to retire, making room for a new generation of military leadership. According to military sources in Moscow, Mr Gorbachev intends to promote younger men, sympathetic to his new doctrines, who have proven themselves as efficient managers of men and materials. (Marshal Akhromeyev himself, incidentally, seems likely to be appointed arms control adviser to the Communist Party Central Committee - one which could give him real influence, and would hardly rank as a severe demotion.)

Nato's most telling criticism of Mr Gorbachev's new doctrines, until this

By David White in London, Robert Mauthner in Brussels, Quentin Peel in New York, and John Lloyd in Moscow

week at any rate, had been that they had so far produced no discernible practical impact - on military spending or on force deployments. Over the last 20 years Nato has lost its nearparity in army manpower and watched the Warsaw Pact increase its superiority in armour and artillery and take the advantage in attack helicopters. It still alleges a big Warsaw Pact lead in all categories of land-

based weapons.

The value of these "bean count" figures is much debated. Warsaw Pact superiority, military experts say, is in any case not great enough to guaran-A number of senior – and ageing tee that it would win a conventional – members of the general staff and

pects Moscow of intending to attack. Nato, in arguing for sustained defence spending and in trying to avoid a widening rift between the US and the other allies over the cost burden, has talked instead of Soviet "potential" and "capability". Its task in convey-ing its political message has been made all the harder by Mr Gorbachev's announcement.
In the past, Mr Gorbachev has won

considerable political advantage from the fact that the West has mostly mis-calculated his readiness to accede to its demands and has been caught flat-footed when, to everybody's sur-prise, the Soviet leader obliges. Who would have thought, for instance, that the Soviet Union would ever agree to withdraw its troops from Afghanistan or would back US and South African efforts to persuade Cuba to withdraw its forces from Angola, as part of a settlement leading to the independence of Namibia?

In some cases, Mr Gorbachev's acceptance of Western demands has proved positively embarrassing and as caused disarray among members of the Atlantic alliance, a result which was almost certainly intended. When President Reagan originally proposed the so-called "zero option" for the elimination of longer-range intermediate nuclear forces, the calculation was that the Russians would reject such a solntion out of hand. Not only did Mr Gorbachev eventually embrace the idea, but he even made his own the more radical "double zero" proposal, under which all medi-um-range land-based missiles with a range of 500 to 5,500 km are to be abolished.

It subsequantly transpired that Nato had not fully worked out the strategic implications of such a pol-

icy, which removed an entire stage from its flexible response strategy, designed to enable the alliance gradually to escalate its reply to an attack.

Mr Gorbachev's various arms con-trol moves can thus be said to have been directly responsible for the squabbles within Nato over the modsquabbles within Nato over the modernisation of the remaining
short-range nuclear wcapons in
Europe, it is only very recently that
Mr Helmut Kohl, the West German
Chancellor, appears to have been
finally persuaded to endorse the modernisation of short-range nuclear
forces. A decision on this will have to
be taken by Nato by next summer.
But Mr Kohl still faces strong opposition to such a move from his coalition
partners and from substantial sections of German public opinion. tions of German public opinion.

The progressive disappearance of nuclear weapons from Europe, leavnuclear weapons from Europe, leaving only the strategic deterrents of the US. Britain and France which few experts believe would ever be used in practice, has focused attention increasingly on conventional forces.

Mr Gorbachev this week proved unexpectedly pliant in this area too. However inadequate Western military experts may deem his unilateral troop cuts, the Soviet leader has begun to reply to Nato leaders' criticism that

reply to Nato leaders criticism that they want to see deeds, not words. Observers see little that Nato can

do, or is prepared to do, to respond immediately to Mr Gorbachev's gesture, unless it gives up the idea of a new home in Italy for US fighters

being moved out of Spain.

The agreed allied reaction has been, in effect: "Very good, please go ahead, but remember we haven't started negotiating yet." In proposals for the future conventional arms negotiative the Spainsed in Proposals. tions, due to be finalised in Brussels yesterday, Nato has made it clear that these unilateral cuts can be considered only a start and must be followed. these unilateral cuts can be considered only a start and must be followed by still higger Warsaw Pact reductions, if the goal of equal force cellings is to be reached. In the circumstances, however, Nato's demand that Soviet tanks west of the Urals, after being cut by about 27 per cent under Mr Gorbachev's plan, should still be reduced by more than half, risks seeming churlish.

The negotiations are expected to be long and arduous. Mr Gorbachev has, however, now persuaded some of his most sceptical critics that negotiated reductions of conventional forces have at least become a credible propo-

He has also confirmed the priority that he attaches to a transfer of resources from the military to more productive economic activities. His promised conversion of defence plants to civilian production could prove critical to the success of perestrolka.

Street .

diad in

Already, many defence plants are expected to produce consumer goods, or at least equipment for the consumer goods industries, on the side. Now Mr Gorbachev is proposing to turn two or three plants over entirely to civilian production.

Defence industries in the Soviet

Union are virtually the only indus-tries with a tradition of quality and reliability good enough to let them compete in export i husinessmen report that joint ven-tures are now being proposed with factories under the Ministry of Defence Industries. It is the obvious sector on which to build a new Soviet

export base. In making his dramatic gesture on arms and troop cuts, Mr Gorbachev has answered two needs at once. He has kept the initiative in disarmament, keeping the Western allies con-tinually off balance with new propos-als. At the same time, and ultimately more important, he has opened the way for a big switch of resources away from the military, to try to buy more popular support — and time — for perestroika.

Suspects in

the City

After Morgan Grenfell, who next? It is taken as read in tha City that more houses will have to make drastic cutbacks in their securities operations. Yet spotting just whom requires a highly refined judg-ment because the ohvious rules

do oot oecessarily apply. For instance, the fact that Morgan was a medium-sized independent house might lead to the supposition that the next casualty will belong to the same category. The trouble is that there is nobody else of Morgan's size: the others are either much bigger or much smaller.

So, are the independent houses more at risk because they have limited resources? If that were the case, the obvious candidates among the large players would be Kleinwort Benson, S.G. Warburg and Smith New Court. But all three have put on great shows of determination and have displayed a degree of integral strength.

Paradoxically, there is a stronger case for arguing that the big bank-backed groups are more likely to call it quits, even though they could swal-low losses for longer. There is plenty of precedent for that: powerful parents like Lloyds, Midland, Citicorp, Prudential (of the US) and Royal Bank of Canada have all sbnt down London-based securities subsidiaries over the last 12

months. If that argument bolds, then the casualties could come among County NatWest Woodmac (NatWest), BZW (Barclays), Scrimgeour Vickers (Citicorp), Hoare Govett (Security Pacific), Chase Manhattan Securities and Phillips & Drew

(Union Bank of Switzerland). Observer's guess is that resolve will prove strongest among the independents, and that the board of a large parent, probably located thousands of miles from the City,

OBSERVER

February meeting that the London securities game is not worth the candle.

Poor county

■ Surrey sounds a pretty remote sort of place. It is deprived of all those glossy free magazines, like Portrait, that come through the letter box if you live in central London. Portrait's distribution stops somewhere east of Hammersmith and does not even cover the more upmarket parts of Fulham. Yet Surrey is also rather

affluent. Thus it is to get a free magazine of its own called Lifestyles. There was a slight hitch in that the dummy sent ont to demonstrate its "top quality paper and superb colour reproduction" contained no text and no pictures, but the quality of the paper is

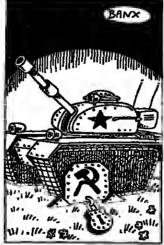
indoubtedly high and the advertisers have begun to bite.

Lifestyles will appear in February. 80,000 copies will be distributed at British Rall stations, of which the county is blessed with 59. Another 10,000 will go to business addresses and 30,000 to selected homes.

Lloyd's loss

■ The latest Labour Research survey of corporate donstions to the Conservative Party contains a curious feature: the total of £235,525 given to Tory funds last year by 11 companies sctive in the Lloyd's of London insurance market, including C T Bowring, Sturge Holdings, Sedgwick Group and Willis Faber.

Curious because Lloyd's has paradoxically tended to fare rather better when Labour is in power. It was Sir Stafford Cripps, one of Attlee's Chancellors, who gave underwriting members of Lloyd's ("names")



the valuable privilege of being allowed to build up personal loss reserves largely tax-free. Since perhaps 75 per cent of the premium income of Lloyd's is US-dollar denominated, the market and its brokers also used to benefit handsomely from sterling crises: and the high marginal rates of personal income tax imposed by Labour in the 1970s helped matters by enabling names to write off as much as 98 per cent of their under-

writing losses.
Doubtless last year's largesse to the Tories was prompted hy fears that a future Labour government would place the market under the thrall of the Financial Services Act. Yet there is something stereotyped about the Lloyd's community falling so predictably into line with expectations of its politi-

cal stance. Things were different once. Paul Dixey, a fox-hunting chairman of Lloyd's in the 1970s, was famous for his leftwing views, at the price of unpopularity in the market And in the 1930s Roy Merrett, father of Stephen Merrett, now

the market's most powerful underwriter, supported the Republican government in Spain by insuring at Lloyd's supply ships trying to bust General Franco's Fascist block-

Strange opera

■ Giovanni Spadolini, a former Italian Prime Minister, turned opera critic on Wednesday as he and dozens of other celehrities staggered out of the pre-miere of Rossini's William Tell at Milan's La Scala. Not only had it set the record for seat prices - L1m (£430); it lasted over five hours and has led to some controversy.

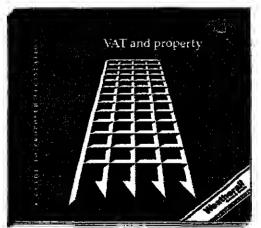
The arguments have nothing to do with Ricardo Muti'a rendition of the overture, nor with the performance by Chris Merrit, the American tenor, as Arnoldo. Rather, Spadolini, along with Socialist Party leader Bettino Craxo and the British Ambassador to Rome. Sir Derek Thomas, were all talking about the use of seven giant 40-foot-high film screens which showed Swiss postcard-style images of mountains, white water streams and treecovered valleys during the

opera. While Italian aristocrats such as Contessa Marta Marzotto and Princess Ira von Fuerstenberg did twirls for the cameras of paparazzi inside the foyer, Spadolini described the set as "highly question-able". Out in the street a band of anti-Fiat protesters shouted the Italian equivalent of four

letter words. The Scala's Prime is eminently a social as much as a musical event. This year the alpine scenery provided some-thing more than mink to talk about

Consequences # She said to him: "Do you think there's anything in extra-sensory perception?" And he said to her: "Ha! I knew you'd ask me that."

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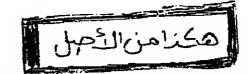
15%). In conjunction with Weatherall Green & Smith, the surveyors, we have surveyed the consequences of the coming laws in a new book VAT and Property. Laid out in a clear question/answer

format, it's probably the first guide of its kind, and best of all it's free. So for your copy ring David Sproul at Arthur Andersen on 01-438 3981.

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ritain's Labour Party would probably do at least as well under its present leader, Mr Neil Pile Present leader, Mr under anyone else. This view, which is contrary to much conventional wisdom, was strengthened when I visited by the property of the conventional wisdom. him yesterday.

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Frankly, I had expected to come to the opposite conclusion. For there are certainly grounds upon which to write him off. He is vertose. He rarely puts his head on the block. The per-ty's group in the orderer pells has not ty's score in the opinion polls has not risen above 40 per cent and stayed high, as it should have done while the former Alliance is in disarray and economic uncertainty is growing. Labour did hadly in the recent Govan by election in Glasgow. Its parliamentary troops remain undisciplined, What,

then, is the point of Mr Kinnock? The answer is that he has a vision of what needs to be done to make Labour electable. He has the energy with which to pursue it, and he seems to have the stomach to endure the constant barrage of disappointments that afflicts any Labour leader in opposition. (How does he stand it? It beats me).

To my mind, Mr Kinnock's vision is unlikely to do the trick. It is reformist, but not reformist enough. And his electoral task is a formidable one, as the chart shows. But that is beside the immediate point. For he is leading his narry towards a new structure and his party towards a new structure and a new set of policies at about the fastest pace that he believes it can hasest pace that he believes it can take. If, as I suspect, that pace fails to win back the confidence of sufficient voters in the south-east of England, the Labour Party will have destroyed itself in spite of its leader rather than because of him.

because of him.

Take his broad political perception.

I asked him about Labour's long-term decline. "Since the fifties," he replied. "there's been an inclination to live on our past — and there's this basic contradiction. It is that if we exist only for the relief of suffering, then the moment that we secure the objective of relieving it ... we're cancelling our reason for existence. Now I've never accepted at all that we only existed for the relief of suffering. I think that we exist for the creation of opportunity, for the extension of libopportunity, for the extension of lib-erty . . . for the banishing of ugli-

ness . . . (and) for the development of productive efficiency."

This should be a winner. "On any value scale the British people in big majorities have . . . views, perceptions, ideas, in common with the Labour party," Mr Kinnock points out, as he reasonably can in the light of most long-run polling trends. So why, I asked, did the Conservatives

do so well? Was it that people saw Labour as run by the trade unions? It was a historic rumour, not capable of being substantiated in reality, that trade unions dominated the party. They never had, either in oppo-sition or in Government. "That's the truth," said Mr Kinnock. So what, then, about the block vote, which the large trade unions exercise at party conferences? "The trade unions know they will express their preferences. They will do it with force. But in the end governments will govern. They

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POLITICS TODAY

The best leader Labour has got

By Joe Rogaly

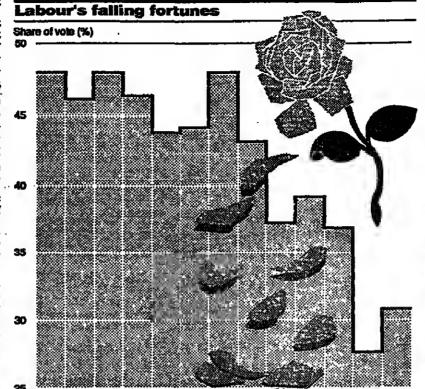
understand that and they wouldn't

have it any other way."
He did not convince me, either. It seemed best to press on and ask about the influence of unions on the party in opposition. "There will be a onemember-one-vote party, and it will come pretty quickly," he said, aithough he was not exactly sure of the final shape of it. "People see the two propositions in contention as one-member-one-vote democracy in the Labour Party versus trade union participation. I think that's nonsense, and we are seeing at the moment very strong trade union involvement in the development of the mass party cam-

Mr Kinnock's expectation is that more constituencies will take polls of their members on more issues, while trade unions will come to cast block trade unions will come to cast block votes based on membership bellots. Would the block vote be reduced before the next election? "No, I think that's unlikely." How would it look to the voting public on television? "I don't know if by the year 2000 there'll be something that can be called a block vote," the Labour leader said. Meanwhile, change had to be genuine, not cosmetic. It had to come from the bottom up. It could not be imposed, as Mr Gorbachev could impose his own Mr Gorbachev could impose his own constitutional changes. To my mind, this was all of a piece

with the general impression that Mr Kinnock is moving in the right direction, but perforce at too slow a pace. We turned to the British economy "The truth is of not just growth too fast but of growth uncontrolled, undirected and unbalanced . . . growth that has made no subscription to the medium and long term development of the economy," ha said. "The impression is given of enormous con-fidence and of Britain magnetising capital . . . in the first six months the net outflow was £10bm. the difference between £3bn coming in and £13bn going out... "What was required was to prepare for the opportunities that should be generated by the move to a European single market in 1002. "Its a grayph date At least in 1992, "Its a crunch date. At least the two years after it are crunch years. And . . . our economy is being made more and more vulnerable all

How was he going to rebuild manufacturing industry? Through a National Enterprise Board? It was not merely a question of rebuilding, he replied. New ground had to be broken.



This meant a commitment to training, and to closing the technology and trade gaps. "There's no other way round than to make the commitment of investment." There had to be an agency or agencies. He favoured the establishment of a national invest-ment bank and the development of the enterprise agencies, soma of which were very successful. There had to be a proper responsiveness on a regional, industry and sector basis. He called tha package supply-side socialism.

51

1945 50

Was British Steel not now in better shape for 1992 than it was five or 10 years ago? "If yon provide an industry with . . . almost endless amounts of public support ... while labour-stripping ... and if the market is relatively buoyant ... then you can produce a break-even," Mr Kinnock observed. That was no justification for selling it. So what would he rena-tionalise? The utilities — water, gas,

electricity, telecommunications had to be back in public control. This could be achieved by the conversion of shares to debentures, through golden shares, or by substantial participations ("let's say 29 per cent"). The ntilities should not be just "directed commercially for what ultimately must be dominant commercial DUITDOSES.

It is perhaps in this attitude to commerce that Labour still differs so markedly from its successful French, Australian and New Zealand counterparts. He is plainly not against day-to-day commercial disciplines in themselves. But in the case of the utilities he does argue that public control is necessary for the "dual reasons of national economic strategy and public responsibility." Mr Kinnock's response was a far cry from earlier party threats of wholesale renational-isation, with questionable compensation - but one had the feeling that

the voice of Old Labour could still be heard in the background. The same applies to defence. He

could say with complete confidence that in terms of conventional defence and alliance responsibilities you could absolutely depend on the Labour Party. There were reasons to do with jobs and technology as well as defence for this. On disarmament, a mix of unflateral, bilateral and multilateral policies would fit the ambitions of a great majority of the Labour Party. It was also acceptable to the British peo-

Unilateral? Test bans, for instance, he replied. And action on nuclear depth charges. Efforts on battlefield weapons, too. That would strike a chord among the West Germans. "Multilaterally ... the foot is on the accelerator ... Gorbachev's unilateral declaration yesterday really does move away an impediment from further progress, not only on the conventional area but in the nuclear area as

What about hilateral? Would Polaris and Trident be abandoned whether or not the Russians gave something in return? "But we're going to get it in return," the Labour leader insisted. Once again, a strong movement towards where an electable party should go - but, once again, will Labour ever let him take this line to its logical conclusion? It is little wonder that Mr Kinnock's

eyes seemed to mist over when we asked about the Swedes. "The lesson is to start early and adapt." What Labour had had to deal with in Britain was not only an inheritance of slowness of change, reluctance to adapt, but also a coincidence of Mar-garet Thatcher and oil exacerbated by the conduct of affairs in the Labour Party in the early 1980s. If you looked at Austria, Sweden, Norway, France, Spain you came all the time to "adapt and change." It didn't mean pulling at the roots of your conviction. It meant the practical application of that con-viction, "without which socialism is a kind of esoteric religion."

This is the essence of Mr Kinnock's message to his own party. There was another backbench revolt this week, and two junior front-bench spokespersons resigned - all over the proposal to abstain on the Government's Prevention of Terrorism Act. Was there going to come a point when the party could be seen to have got its act

"Yes, when everyhody in the Labour Party not only says but acts on the basis that they will be win-ners." Was this achievable? There was a very small number of people who would never be convinced. They were high in self-righteousness and illn-sions of purity. Ultimately people would only be impressed by the view expressed to them by the huge major-ity of the Labour Party that there was no objective greater than working to secure victory.

Question: since Mr Kinnock himself believes that, will he one day try a (potentially) kamikaze attack on the block votes, Old Labour attitudes, and all the rest, by putting his leadership on the line? It would certainly electrify the punters.

LOMBARD

Restaurant reciprocity

By Martin Wolf

THANKS TO the courage of a Department of Trade and Industry (DTI) official who was prepared to brave the Government's wrath at leakers, a remarkable proposal from the "Eat British Campaign" has recently come to our attention.
It appears that the campaign is trying to obtain support from the British Government for an approach to the European Commission (EC). The suggested approach is outlined in a letter, reprinted below, from the chairman of the campeign to the Secretary of State for Trade and Industry.

Deur Lord Young, Is it not time for your Department to stop resisting the EC's application of reci-procity to financial services and, instead, look for ways to apply this concept wherever it will be in the UK's national

interest to do so? As a result of years of neglect and indifference, the UK is in danger of losing its national cooking base. With most restaurants serving for-eign cuisines, traditional Brit-ish food is hanging on precariously in narrow, usnally downmarket, niches. It is true that we are, unfortunately, unable to do anything about the many restaurants that serve EC food (notably of French and Italian origin). But one also finds many Chinese, Indian, Mexican, Turkish, Hungarian and even Japanese res-taurants. The sad truth is that the UK has become the dumping ground for the surplus restaurant capacity of the world. Since foreign restaurants tend not only to use foreign staff hut even to import foreign foodstuffs, the implications of these trends for the UK's bal-

ance of payments are serious. The deterioration is particularly worrying when oil from the North Sea is running out and the balance of paymenta has gone deeply into the red. As so often, the liberal policy of the UK encounters deter mined protectionism abroad. Outside the UK no more than a handful of fish and chip shops can be found. The haggis is only eaten on nostalgic occasions in former British colonies. Even such great British specialities as steak and kid-ney pudding, treacle tart, spot-ted dick and toad-in-the-hole are almost unavailable. The "Eat British Campaign" calls for an EC-wide policy of reciprocity. Under the proposed approach, restaurants serving cuisine from outside the EC, as well as the cross-border expansion of existing restsurants, would only be allowed if the country of origin

were to permit aquivalent access for EC cuisine. The aim would be fair market access for the cuisines of all member countries. Without this important proviso, foreign countries might claim that they are meeting their obligations simply by accepting French food. Countries like Japan will argue that they have no official obstacles to the consumption

of British food and claim, instead, that the reasons for the low level of market penetration by British cuisine are national culture and market resistance. This is poppycock, as you will discover by talking to the many British restaurateurs who have vainly tried to penetrate the Japanese market. A purely procedural approach to market access will not work. The EC should aim, instead, for results. The Japanese Government, for example, should be asked to commit

should be asked to commit itself to a 20 per cent market share for EC cuisine, with the shares of the individual national cuisines in proportion to the populations of their countries of origin. Quite apart from protection-ism abroad, there will be whinges from consumer lob-

bies here at home, who will argue that restaurant reciprocity will reduce choice and raise prices. But people who fre-quent restaurants are a privi-leged group. They should be prepared to put up with a little hardship for the benefit of a strategically important British industry. Moreover, the policy is not in any way protectionist. It is rather a way of securing a fair balance of benefits in restaurant trade. From the encouraging noises

we have already heard, we have no doubt that the EC Commission is prepared to take up a cause so vital to the preservation of threatened parts of EC culture. We are confident that you, too, will give your support to a cause of

Accounting for brand names

McDougall's (RHM) brand valuation exercise.

As accountants and management consultants we have often encouraged the management of our client companie to recognise the value of their intangible as well as their tangible assets; in our experience, the former may prove to be worth considerably more than

the latter. Brand valuation is, of Brand valuation is, or course, not an exact science. Its development could be said still to be at the toddler stage. However, accepted methodologies have emerged. The brand valuations on which we have advised prompt us to make the following comparates an RHM's

advised prompt us to make the following comments on RHM's reported approach:

The earnings stream on which any brands valuation is based cannot be the contribution to earnings from sales of the branded product but must the branded product, but must be confined to the premium

stream of futura cash flows with reference to the future marketing strategy for the

folly reviewed at least annually for reporting purposes, and more often for internal

The three points above would usually form part of our advice on hrand valuations to our clients. We recognise that the

accounting treatment of valua-tions of home-grown brands presents various problems, but we share Lex's view that imprecise reality is better than precise fiction.

We therefore applaud RHM's initiative while feeling that a better method might have been applied. Maggie Mullen, Andrew Mainz,

From Ms Maggie Mullen and Mr Andrew Mainz.

Sir, Wa welcome the publicative given to Rank Hovis relevant than the maintainable speaking — in the otherwise land and build-speaking — in the otherwise land — in the excellent column on capitalisation of brand names (December 5), or whether your columnist knows something that the rest Any valuation must be careof us have missed.

In suggesting that assets are only worth the income they produce, Lex excepts land and buildings, adding: "and these are now in the books at cur-

rent values".
If this is so, then massed armies of government committees, Treasury pundits and academic accountants have not laboured all these years in

For thet was indeed the intention of the Sandilands committee in 1975. It would have given considerable comhave given considerable com-fort to the Accounting Stan-dards Committee (ASC) in its endeavours to get SSAP16 accepted, and would presum-ably meet with the approbation of the Treasury's Byatt com-mittee today.

rent value is permitted under the alternative accounting rules of the Companies Act, it is in no way required (with cer-tain very limited exceptions, such as investment properties) by either statute or accounting standard.

Consequently, it is an approach adopted hy companies on a selective basis only, when it happens to suit them — much like the adoption of heard agree a property of the suit of brand name values described in the column. The treatment of brand names differs only in that there is as yet no gener-ally accepted and agreed methodology and framework for arriving at and amortising such values.

Lex is right to highlight the urgency of achieving such agreement. W.J.H. Everitt, Touche Ross,

1 Little New Street, EC4

Insufficient incentive to save

From Mr Tim Wilson. Sir, Donald Franklin suggests the abolition of taxation on all non-earned income as a method by which individuals method by which individuals will be encouraged to increase their level of saving ("How to Increase the Incentive to Save," November 23).

His central assertion is that

the taxation of interest on savings, in addition to the tax-ation of income, is distortionary and discourages saving. While undoubtedly true, this reasoning could be extended to suggest that a system which taxes income as well as consumption (through excise and other taxes) serves to discourage spending. Given this hypothesis, it could be argued that taxation on consumption should be increased in order to encourage savings.

The problem is not that the

taxed and that this therefore discourages saving but that the incentive to save is inadequate. The average individual's utility derived from saving has fallen relative to the utility gained from consumption (viz: the high level of bank lending to the personal sector.)
What is required is a positive tax incentive, thereby raising

ative to consumption. The personal equity plan (PEP) merely provides tax free investment. A change in the rules allowing for the deductibility of the investment "up front" against personal income tax at the marginal rate would. I believe, achieve the desired

the attractiveness of saving rel

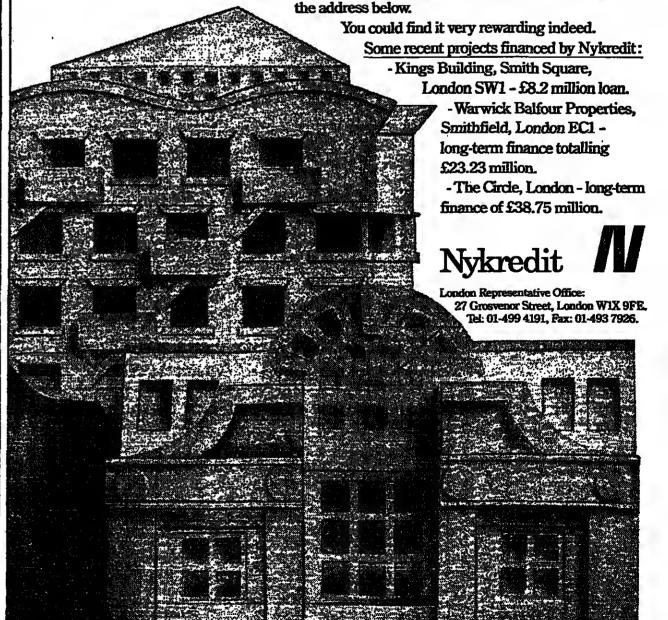
Tim Wilson, NM House,

Having a more efficient mortgage system soon brings its rewards.

 $N_{\rm V}$ where $N_{\rm V}$ is the N $N_{\rm V}$ in that $N_{\rm V}$ in that short time we've already offered mortgages and long-term finance totalling more than £170 million.

Perhaps that's because the Danish mortgage system we operate is quite simply the most efficient there is.

It allows us to finance even the largest projects quickly, easily and very cost-effectively. If you'd like to know more about the Nykredit approach to mortgages, just contact us at



Valued in a note

From Mr Desmond Goch.
Sir, Following the Rowntree takeover by Nestlé it is understandable that some companies standable that some companies
- such as Rank Hovis McDougall - will decide to put a formal valuation on brand names
which have hitherto failed to
capture the attention of investment analysts.

From the published information it seems that RHM has put
a lot of thought into the task of
determining what are reasonable valuations for this purnose. Should the exercise

able valuations for this purpose. Should the exercise become more prevalent, however, it seems likely that we shall see a host of new accounting valuation practices which might well defeat the best brains on the Accounting Standards Committee if it felt connelled to produce a stancompelled to produce a stan-dard to deal with the issue. Introducing such valuations into the balance sheet may do

again become the kind of Tom Tiddler's ground that they were becoming during the brief reign of current cost account-

Desmond Goch,

wonders for gearing ratios, but published accounts could once

Until such time as the finan Until such time as the iman-cial community — and the accountancy profession, in par-ticular — has sorted out its ideas on what kind of informa-tion a statutory balance sheet should (and can) give, it might he preferable for those compa-nies wanting to publish a valu-ation for their names to do so by way of a separate note in by way of a separate note in the annual report.

Investment analysts, finan-cial journalists, potential bidders and other interested parties can then draw their own informed conclusions.

Harpenden, Hertfordshire

interest earned on savings is Pollution and contamination are not the same thing

From Mr J.M. Bewers. Sir, Your "Farmer's View-point" on problems associated with nitrate in water (Novem-ber 22) contains one puzzling conclusion: "It is clearly vital to limit pollution of all kinds even when the pollutant and its concentration is as apparently harmless as the present levels of nitrate in some UK water."

This reflects a common mis-understanding of the meaning of the word "pollution". Pollution – at least in a marine context – is defined

internationally (that is, within the United Nations system) as implying some adverse effects upon the environment, its ame-

If there are no such adverse effects, the situation is one

only of "contamination", meaning that the distribution or concentration of a substance has been altered by human activities, but without manifest harmful effects. In such instances there seems little justification - or benefit - in trying to reduce environmental concentrations of the substance concerned.

the severity, or risk, of adverse effects and of the benefits offered to society would be useful in justifying practices involving the use and dissemi-nation of potentially-hazardous substances in the environment. J.M. Bewers, Bedford Institute of Oceanogra-

phy, PO Box 1006, Comparative evaluations of



FINANCIAL TIMES

Friday December 9 1988



Year-old intifada now way of W Bank life

Andrew Whitley reports on the effects of the enduring Palestinian uprising

FROM an upstairs window deep in the casbah, a warren of winding alleys esconced within the West Bank's largest city, it was just possible to make out a group of youths loitering deliberately on the street corner. It was daytime, and the steady rainfall would provide an addi-tional disincentive to any venturesome army patrols, but the local shebab were still on the look-out.

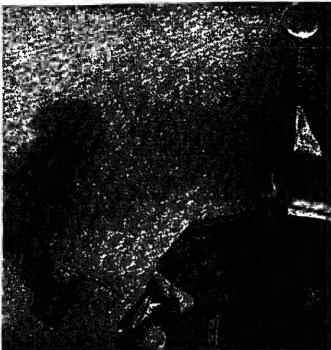
The graffiti-covered walls of the casbah's dilapidated old houses provided an accurate barometer of the district's political sympathies. "Support the PNC's declarations," proclaimed one burst of red spray paint, "Praise for Abu Ammar" declared another. Mr Yassir Arafat's triumph at the Algiers meeting of the Palestine National Council the previous week – declaring an independent Palestinian state in the occupied territories and implic-occupied territories and implic-rity recognising Israel – had been well received by the authors of Nablus' wall news-

papers.

More ominous was the stark message: "Death to collaborators." By local accounts, three months ago the bodies of four alleged collaborators with the Shin Bet, Israel's internal intelligence service, were hung on meat hooks nearby, after secret trials ordered by the local leadership of the uprising. In reprisal, the army sealed off the family homes of several suspects; hut the unidentified leadership's ability to enforce its will when necessary had

been publicly recorded.

Inside the domed, simply furnished room overlooking the street, an activist in his mid 20s identified simply as Khalil was frankly confused about where the intified was heading as it approached its first anniversary today. The armed versary today. The armed struggle strategy pursued by the Palestine Liberation Organthe Palestine Liberation Organ-isation for the previous two decades had been cancelled, he group of Jewish peaceniks, that well on the international front and the consequences of stop-ping it could be worse than its



The Israeli flag is burned at the top of a West Bank mosque

lomatic dialogue was being blocked by the US and Israel. The result was a stalemate.

"What wa're looking for from outside is the major direc-

from outside is the major direction," Khalil said softly. "We want to know whether diplomatic action is going to bring changes on the ground, or is going to fail."

Like the rest of the 1.7m Palestinians living in the West Bank and Gaza Strip, he was eagerly waiting to hear what Mr Arafat has to say in Geneva next week, when the United Nations General Assembly discusses the Arab/Israeli quescusses the Arab/Israeli ques-

Wednesday's explicit decla-

said, but the road towards dip-lomatic dialogue was being blocked by the US and Israel. he recognised Israel, will have given considerable satisfaction to moderate Palestinian leaders in the occupied territories. But, in the absence of any change of heart by the Israeli Government towards the PLO. or a prospective withdrawal from the region, those activists like Khaill who have been in the frontline of the struggle

> "The intifada has become a way of life," remarked Mr Radwan Abu Ayyash, head of the Arah Journalists Association and a prominent PLO sup-porter. "People see it as a response to the occupation. They believe they are doing

Israeli leaders unimpressed by Arafat recognition

over the past 12 months say the fight will continue regard-

continuation."
Casualties continue to mount daily. The United Nations Relief and Works

Agency, UNRWA, noted recently that 248 people were shot and injured with live ammunition in the Gaza Strip during the month of November 2 record number for a circumstant of the control o ber, a record number for a single month. At least 330 Palestinians have died over the past year.
"Proportionately, far more offerted by

people have been affected by the nprising than in South Africa during the Istest unrest," said a Western diplo-mat. Undernesth the appearinterests. ance of deadlock, observers on both sides believe that deep changes may be taking place in their own societies under the impact of the unrest. "Some fundamental Israeli

"Some fundamental Israeli beliefs have been smashed by the intifoda." said Mr Dedi Zucker, a left-wing parliamentarian. These myths were that the Palestinian issue was dying because the inhabitants of the territories had reconciled themselves to Israeli rule, and that the high price of separation had made the occupation irreversible.

irreversible.
Visibly on the defensive, not many Israelis will publicly recognise the validity of Mr Zucker's judgements. But Palestinians speak freely about the far-reaching transforma-tions being wrought in their own, much more traditional, society.
According to Mr Sari Nussei-

beh, an Oxford-educated philosophy professor, the major areas of change have been in the status of the younger generation vis-a vis the old, the unprecedented participation of women in the struggle on an equal footing to their menfolk, and the way in which the countryside has played as active a part as the tradition-

ally more militant towns.
"I am beginning to feel that
the uprising constitutes a

major turning point in the Pal-estinian people's historic strug-gle," he observed in Jerusalem last week.

. In a report released to coincide with today's anniversary, the Ramallah based human rights organisation Al Haq describes the nprising more precisely: as "a popular attempt at disengaging from the administrative structures set up by the occupying power, structures that have served exclusively the occupier's own

Away from the headline-catching reports of killings and beatings, much the most serious dimension of the conflict has, in fact, been the struggle by Palestinians to establish alternative, grassroots organi-sations to run local affairs and confront the Israeli security

So-called popular committees
were formally proscribed by
Defence Minister Yitzhsk
Rabin last August and their
members threatened with
lengthy jail terms.

Chastened by the vigour of the Israeli action, Mr Mahdi Abdul-Hadi, head of a Palestinian think-tank, says the PLO decided to move much more cautiously in its long-term hid to take control of local affairs. On the other hand, the example of the tightly-knit Nahlus casbah — after the Gazan refugee camps the fler-cest focus of resistance to the army — demonstrates the extent to which local committees are nowadays running almost every aspect of community affairs.

"A loaf of bread can be divided into half," said Khail, quoting a popular Arabic proverb. Hardly anyone in the occu-pied territories has escaped the whirlwind of repression mounted over the past year; but the Palestinians' capacity to resist for a long time to come appears unbroken.

Plessey mans the Eurofighter

Since the GEC/Siemens bid for Since the GEC/Siemens bid for Plessey had 1992 written all over it from the outset, there is a pleasing symmetry about Plessey blocking it with reference to the Treaty of Rome. It may only be a spoiling tactic, but it is neatly timed for maximum inconvenience. Takeover rules say that the offer document must go out by next Wadnesday, hut GEC is enjoined from sending it until next Monday's court hearing. If next Monday's court hearing. If next Monday's court hearing. If Plessey's arguments are then rejected, application will be made to have the injunction upheld until Plessey appeals; and if they are accepted, the whole bid could be in jeopardy. While that can only be an outside chance, it is the harder to gauge for lack of precedent. Article 85 of the Treaty, which prohibits any agreements

Article 85 of the Treaty, which prohibits any agreements affecting trade between member states, was used to devastating effect by the Commission in the Irish Distillers case. What an English court will make of it is another matter; though certainly, it could be argued that whereas the Distillers hid involved collusion between three of the world's between three of the world's biggest drinks companies, there are plenty of European electronics companies able to mount acompetitive counter-

mount acompetitive counter-bid for Plessey.

Plessey's shares, just 15p below the 225p bid price, are taking it all fairly calmly. But yesterday's move is the clear-est possible evidence that Ples-sey is not to be underesti-mated; and after all, the entirely separate hurdles of the entirely separate hurdles of the UK Ministry of Defence and competition authorities are

Carless

As a white knight in one of the messiest bids of the year, Trafalgar House does not cut an especially gallant figure. Having failed to sell its indifferent oil assets at a Pearson-style price, Trafalgar has lighted upon Carless as a company prepared to enter an uneven transaction just to remain independent. In buying 10.4 per cent of Carless yester-day, it has taken few risks, as the stake can always be sold should the Kelt bid succeed.

Though the costs may be small, the potential rewards to Trafalgar do not look hig enough to merit its involvement in the domestic affairs of the smaller oil independents. For a start, it is unlikely to be able to get what it wants: if the Kelt bid lapses, Carless's shareGrand Metropolitan Share price relative to tho

FT-A All-Share Index

holders may he no more inclined to approve the pur-chase of ill-fitting and overpriced oil assets than they were to hless the aborted merger with Ryan. Even if the deal were voted through, the promise of payment in equally overpriced Carless shares is a transfer of Triefslery's original

overpriced Carless shares is a travesty of Trafalgar's original plan to get out of North Sea oil at the top of the market.

All now depends on the nerve of Kelt and its bankers. Either they retire with heavy losses, or declare the bid unconditional without the 90 per cent acceptances stated in the loan agreement. The risk the loan agreement. The risk would be that Trafalgar would use its minority to prevent the dismemberment of Carless; but given that such a course of action would be a costly nuisance, it is a risk that seems worth running.

There is a clear threat implied in yesterday's decision to refer Elders' existing stake in Scottish & Newcastle to the Monopolies Commission. Elders may not strictly have broken the rules in buying an entra 10 per cent after its bid was referred, but it was guilty of cheek, and the DTI does not forget such things. The impli-cation is that if Elders loses its case with the MMC, it may be required to sell not just that 10 per cent, but its other 17 per

On the other hand, the market was prohably right to knock only 3p off S&N's share price, to 7p below tha 400p offer. The guessing on how the MMC case will go is particularly vague, since the outcome lies on the other side of the larger decision on the brewing tie. But if Elders loses, it is hard to see why it would want to hang on to a hostile minority in any case.

Pilkington Pilkington may still be able

Pilkington may still be able to call on considerable good will from the community, but when it comes to the benefit of the doubt from the City, it is on much shakier ground. Indeed, yesterday's market seems to have worked itself into a real fit of pique at Pilkington's shares, on the basis of what might otherwise have been seen as relatively minor irritants in the first half results. True, the Revion eyecare businesses appear to be making a few million pounds less than before they swapped owners; hut even the short-sighted investor should soon begin to detect major signs of recovery in that business. And if the optronics business suffered from a more cost-confered from a more cost-con-scious approach at the MoD, that scarcely merits a more than six per cent fall in the share price. Even if these rela-

share price. Even it these reactively peripheral husinesses disappointed, the core glass husinesses surely did not.

But investors are probably right to wonder whether Pilkington's recovery sectors will be able to take up the slack in profits from the traditional husinesses once demand returns to less exceptional lev-els. Those who want to buy 7 per cent earnings growth this year, and 14 per cent next, could probably do it more cheaply elsewhere.

GrandMet

For the moment, the market is happy to let Grand Metropolitan get on with the business of persuading the mighty courts of tiny Delaware to champion its cause; and it certainly is not going to have much to do with the shares until Delaware to champion to the certain to the shares until Delaware to the certain to the c has spoken. Yesterday's preliminary results - strong, clear and impressive as they were - did nothing to rescue GrandMet from the unenvisible position of the sector's chea-

pest share. That is a distinction which it probably does not deserve. Defeat over Irish Distillers and frustration over Pillshury may dominate the market's view of GrandMet at the moment; but the former was surely a minor annoyance, and the highest price ought eventually to prevail in the latter case. If it does, the shares may well bound forward to greet the good news; but if Pillshury slips away, the market may well not like the idea of Grand-Met going for second choice.

warned. Diverting public attention away from the substance of Mr Arafat's swamped Israel with a tidal wave of Israel. Israel has existed for the past 40 mixed emotions. Interpretations of the years," said Mr Yitzhak Rabin, the remarks, the veteran Labour politician Arafat statement were even being defence minister, in an interview with

dismiss out of hand Mr Yassir Arafat's Stockholm declaration that the Palestine Liberation Organisation recognises the state of Israel and rejects terrorism. "in all its forms," writes Andrew ley in Jerusalem.
"It is not a big thing to recognise

ISRAEL'S leaders united yesterday to

Prime Minister Yitzhak Shamir sald earlier that the PLO could declare any-thing it liked when its "intention and

the establishment of a Palestiman state in the West Bank and Gaza Strip, with its capital in East Jerusalem, Mr Rabin was addressing himself to well known

Israeli fears. Usually quarteling politicians concur that the thrust of Mr Arafat'a current by actions in the region.

The Stockholm meeting with a group of left-wing US Jews and Israelis has debated avidly on Wednesday night in the Bnei Braq heartland of ultra-Orthodox Jews - a religious community which normally shuns all secular Jews.

ambition and philosophy – the destruc-tion of the state of Israel – remains unchanged."

Whoever was willing to speak to the PLO would be agreeing in advance to the establishment of a Palesthrian state

Right-wingers were less guarded. Mr Haim Corfu, the Likud Transport Minister, said a minor attack yesterday on an Israeli travel agency in Copenhag-en – for which left-wing Danes were responsible - was due to "the climate" created by Mr Arafat's speeches in nearby Stockholm.

Six die as military jet sets houses on fire

Soviet earthquake toll may reach 100,000

Iran

By David Goodhart in Bonn

THE WEST GERMAN Defence Ministry last night announced that its air force would cease all low flights for the rest of the year after a US military jet crashed into the residential area of Remscheid, a town near Düsseldorf, killing six people, including the pilot, and injur-

ing more than 40. Other Nato air forces in Germany will probably follow suit in temporarily banning low

The crash is likely to rekin-

Mr Alexander Yakovlev, a

Soviet Politburo member accompanying Mr Gorbachev

in New York, told a group of husinessmen that Leninakan,

which is Armenia's second largest city, had been 75 per cent destroyed. Armenian sources in Athens with access

to information about the

region said 40 per cent of Kirovahad was in ruins and that "there is not a trace left" of the town of Spitak.

Emergency teams from medi-

cal centres, the army and a

stream of volunteers through-out the Soviet Union are being

rushed to the affected areas. A

Polithuro team, led by Mr

Nikolai Ryzhkov, the Prime

Minister, and including Defence Minister Dmitri Yazov,

left on Wednesday night for

Alectro
Adjectro
Americano
Adjectro
Bahmain
Bengstone
Bengstone
Bellingt
Be

dle opposition to training flights from politicians and the public in Germany already agi-tated following the Ramstein air show disaster, in which 70

USSR

Turkey

Iraq

Yerevan, where they are expec-

ted to be joined by Mr Gorba-

The Soviet Red Cross and

12 54 G-Grandy D-Drizzie F-Pair Fe-Pog H-Hall R 15 50 S-San Si-Good So-Soom T-Therein

300 miles

WORLD WEATHER

over the country.

Mr Rupert Scholz, the West
German Defence Minister, who

terday cut short his visit to the US on hearing of the crash, has made clear his wish for a further cut in low flying by Nato air forces in West Ger-

died, and a spate of crashes all

that further cuts would damage defence preparedness.

Although the German government could probably insist on reductions by other Allied air forces it might open a seri-ous rift between the Allies and spill over into the question of the Federal Republic's quali-

fied sovereignity.
The crash, which devastated a row of houses and set fire to many more, occurred in fog. It set off a string of explosions triggered by 1,000 rounds of

Red Crescent organisations

were last night considering launching an international

appeal for aid. A Kremlin spokesman said that foreign

aid, while welcome, would be a matter for the countries con-

"Military surgeons are carrying out a series of difficult

operations, including some on

children, in field conditions," Soviet General Vladimir Arkbi-

pov told Tass, the Soviet news

agency.
Soviet television and press

reports became fuller and more

sombre throughout yesterday, but members of the foreign

news media were not baing

allowed near the scene.

Armenia has been closed for the past two weeks to the for-

eign press because of the state

Happiest of all was Mr

Hans Dietrich Genscher, the West German Foreign Minis-

ter, who made no attempt to hide his satisfaction at seeing

his favourable judgment of Mr

Gorbachev's policies vindi-

But Mr Genscher gave a hint of more trouble to come when

he told journalists that the uni-

lateral troop cuts announced

by the Soviet leader meant that the modernisation of Nato

short-range nuclear arms in

Europe was even less urgent

Continued from Page 1

Nato arms response

ammunition carried by the aircraft, an A-10 Thunderbolt II

anti-tank jet.
The cause of the crash was not known but US investiga-tors were yesterday beginning to examine the debris. The plane was attached to the 81st Tactical Fighter Wing in Ben-

Nato air forces lost more than 100 jets in air crashes in the year to the end of October, according to Jane's Defence

of tension existing between the

Republic and neighbouring Azerbaijan.

One expert on the region said it was a "miracle" that the Mejamur nuclear reactor just outside Yerevan, which the

Government has promised to close by 1991, remained intact. "Otherwise there wouldn't be a

trace left of Armenia or of the

nearby areas of Turkey," he

Mr Gorbachev and his wife Raisa before they left New

York to extend sympathy and

the offer of assistance.
Throughout the day, similar
messages have been relayed
from Britain's Queen Eliza-

beth, British Prime Minister

Margaret Thatcher, French

President François Mitterrand,

than before. Because of Mr

Genscher's opposition, it is still not clear whether Bonn will support the updating of these short-range missiles, which the US and Britain consider to be

Among other reactions to Mr Gorbachev's proposals, China said it welcomed his decision

to cut Soviet troops and pull-back some from the Chinese border with Mongolia. "This is a positive development," Li

Zhaoxing, Foreign Ministry

essential

President Reagan telephoned

Deadlock in Gatt farm trade talks

Continued from Page 1

night. Mr Ricardo Zerbino, the Uruguayan Finance Minister who has been chairing the talks, announced that the meeting would be extended for an unscheduled further 24 hours. Mr Clayton Yeutter, US Trade Representative, and Mr Willy de Clercy, RC Trade Commissioner, were preparing to delay their departures, pre-viously scheduled for yesterday afternoon.

The two big trading powers

were considering a proposal for ducking the immediate issue and sending negotiators back to Geneva to continue work on the basis of the original working document pro-duced for the meeting by Mr Art de Zeeuw, Dutch chairman of the permanent agricultural negotiating group in the Uru-guay Round.

This document sets out all the options on which decisions would have to be taken for the devalopment of a successful programma on world farm

Officials from the so-called Cairns group of 13 indepen-dent farm exporters, of which Argentina is a member, were initially hitterly disappointed at the prospect of returning from Montreal with no immediate decisions on either a short-term freeze on farm protection or on a commitment to long-term reform.

Nevertheless, as yesterday wore on, some officials began to acknowledge that they were becoming resigned to such an outcome The deadlock in the farm

talks meanwhile provided time for further efforts to resolve impasses in two other areas in which developing countries have a special interest - intel-lectual property rights and

Unravelling of these required delicate manouevring by the industrial powers because of the broad disappointment in the developing countries with the apparently barren ontcome of the talks on agriculture, delegates said.

- ADVERTISEMENT -

NEWS REVIEW

BUSINESS Boeing technology

for Scotland

Ferranti International has concluded an agreement with Boeing Electronics to acquire, in full, the design and production rights for a solid-state digital flight data recorder system, the source of much valuable information for accident and flight-safety incident investigators.

The technology will be marketed by the Edinburgh-based Display Systems Department of Ferranti Defence Systems. The agreement enables the department to extend its present range of digital memory based data-recording, data transfer and ground-support systems.

station.

Briefly... Presbar

the purchase of a second co-ordinate measuring machine from the Metrology Systems Group of Ferranti Industrial Electronics.
Ferranti International has bought the Italian fuel pump manufacturer Elmeca SpA. The Turin company, will operate within the Fuel Dispensing Group of Ferranti Industrial Electronics and will be renamed Ferranti Elmeca SpA.

consortium

Eight year test

Having been in continual use for eight years and completed in excess of 26,000 hours operation – (some 10 hours per day average) – the first production Ferranti FIST-L antomatic test set, still fully operational, has been returned to Ferranti Defence Systems, Automatic Test Equipment Group for a systems update, prior to re-delivery to an ADV Tornedo station.

Diecastings, Manchester has reinforced its commitment to quality with the purchase of a second

AVIONICS Aeritalia to join TIALD

An agreement has been concluded enabling Aeritalia to
cluded enabling Aeritalia to
consortium. Tornado and the new AMX
The consortium was originally
formed in July 1987 by Ferranti Defence Systems, GEC
Sensors and British Aerospace (Dynamics Division) to
produce TIALD — a thermal targets for laser guided
imaging airborne laser designation.

The consortium at the consortium and precision laser designation of
produce TiALD — a thermal targets for laser guided
imaging airborne laser designations.

Aeritalia is the leading company of an Italian consortium

nator targeting pod for military aircraft.
TIALD has been ordered for formed with Officine Galileo use by the Royal Air Force and Breda Meccanica in 1986 with Tornado GRI aircraft, and a pod is currently undergoing flight trials with the Royal Aerospace Establishment at Farnborough.

The agreement with Aeritalia the Royal Air Force and the Royal Air Force and the will place the consortium in a benefits of inter-operability good position to bid for an

COMMUNICATIONS **British Gas network**

The Communication Systems
Group (CSG) of Dalkeithbeased Ferranti Industrial equipment and technical
electronics has been awarded expertise, the job will include
a contract by British Gas installation and commissionEastern Region for the supply ing and is due for completion
of a microwave radio relay in autumn 1989.
system for Phase Four of the
British Gas Eastern Region
digital trunk network.
Under the contract — worth
approximately £1.5m — CSG
will provide digital microwave
will provide digital microwave
will provide digital microwave
the UK and overseas. The
radio relay equipment operat
equipment will be supplied in
ing in the 75 GHz, 13 GHz, and
23 GHz frequency bands with
mixed capacities in line with
CEPT standards, together
with multiplex equipment for
voice data traffic and a netrack format.













FINANCIAL TIMES

COMPANIES & MARKETS

Friday December 9 1988

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Fishing fleets in troubled waters



A modern trawler operates more like a destroyer, leaving few hiding places for fish. North Sea fishermen who rely on catching cod and haddock have witnessed this year a dramatic decline in fishing stocks and as the EC Fisheries Council debates fur-

ther cuts in cod and haddock quotas, fishermen warn that the industry is tacing its worst crisis for 10 years. Bridget Bloom reports on the need for the EC to cut fleets severely to match

Nestié sweetens trading

Switzerland was Europe's one bright spark in terms of equity volume last month, as Nestle's move on registered shares stirred up activity. Turnover in most European bourses fell back after a lively October, consumed by worries about the dollar, US Interest rates and the presidential election. Page 54

Bright showing by FKI Babcock



FKI Babcock, the electricals and engineering group, posted a rise in interim pre-tax profits from £13.3m to £50.7m, more than the £48m total for the whole of 1987. Mr Tony Gartland (left), chief executive, feels the outlook for the energy and contracting side of the business is bright but be concedes that

high interest rates will make any large acquisitions difficult and that issuing shares is out of the question given a poor market rating. Page 36

Ministry nears defeat

After two years, Japan's reform-minded Ministry of Finance is about to abandon its efforts to persuade the Post Office to expose itself to. free competition with commercial banks. The ministry is expected to admit defeat by the end of the year, with the Post Office being allowed to maintain virtually intact the system which pays artificially high interest rates on about one fifth of Japan's total personal savings.

Autolatina accelerates spending



Autolatina, the holding company for Volkswa-gen and Ford operations in Brazil and Argentina, is stepping up its invest-ment. The company plans to invest \$1,5bn over the next five years in the two countries; spending \$950m on adapting existing car.

and \$350m on modernising and upgrading production lines. The investments should create about 5,000 new jobs. Page 26

Market Statistics

European options exch FT-A indices FT-A world indices FT int band service

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Chief price changes yesterday PARIS (FFI) 239 + 3.5 Godit Lyzan 509 + 35 1 eximar 2085 + 100

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Demon Corp.
Saloson Bros.
S25 New York prices at 12.30.

RECORD (Peacew)
Science
Argyle Tst. 93 + 12 Lamont
Lamont Shop 198 + 22 Lamont
Lamont Shop 198 + 12 Meyer Int.
Lamont 133-12 + 8-12
Next 133-12 + 8-12
Ultrawar 272 + 8 Placet Tanbet
Placet Mass P 202 - 25
Resident Science 332 - 9
Carbury Scher 332 - 9
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DAF set to raise \$460m from flotation

Trafalgar House

buys into Carless

DAF, the Dutch commercial vehicles maker, plans to go pub-lic in the first half of next year, most probably in May or June, with an international equity offering and a listing on the London and Amsterdam stock

The flotation is expected to raise about £250m (\$460m), and is being planned as a combination deal in which current shareholders will sell part of their holdings and DAF will also raise new capi-

The issue will offer the stock market the first chance to invest directly in a leading West Euro-pean truck maker. DAF's major competitors Daimler-Benz, Iveco (Fiat), Volvo and Scania are all part of larger automotive groups which also have diverse additional interests ranging from

THE BITTER and complex bid battle over Carless, the oil inde-

pendent, took a fresh twist yes-terday as Trafalgar House, the UK shipping, property, and con-

struction group, announced that it had acquired a 10.4 per cent stake and was considering dispos-

ing of its oil and gas interests to Carless in return for a mixture of

Tratalgar's intervention came as the hotly-opposed £208m (\$383m) offer from the mnch-

smaller oil independent, Kelt Energy, reached its second clos-ing date.

Kelt's formal announcement

will be made this morning, but analysts were suggesting it now controls about two thirds of the

shares. It purchased a further 1.63m Carless shares yesterday, taking its direct holding to 20.7

However, Kelt is currently

imable to cement control because

the offer is financed by a £199.2m loan facility from American Express. Part of the loan agree-ment requires Kelt to control 90 per cent of Carless, or such lower

amount as may be agreed. The Trafalgar stake is now clearly

capable of blocking the 90 per

cent condition.

Kelt declined to comment on

whether Amex showed any will-

cash and shares.

washing machines (Daimler-Benz) to food (Volvo). DAF is the fifth largest maker of medium and heavy trucks in West Europe, and has expanded quickly, helped by the takeover last year of the Leyland truck and Freight Rover van operations from the UK's Rover Group, then

state-owned. As a result of that acquisition DAF is now 40 per cent owned by Rover Group (itself e 100 per cent owned subsidiary of British Aerospace since October), and 60 per cent owned by DAF Beheer, a Dutch holding group.

The DAF Beheer group

The founding van Doorne family, 44 per cent, through VADO, the family holding company,
 Infifon, a Dutch venture capi-

ingness to alter this limit. A 90

per cent limit is important in

that it is the point at which a bidder can force minority share-

holders to sell. However, Kelt did

say that it planned to extend its offer for two weeks, and that it was considering requesting an

extraordinary general meeting of Carless, at which board changes would be sought.

Trafalgar signalled its inten-tion to abandon the oil explora-tion and production business in

Angust, when it appointed

Lazards to advise on possible dis-posals following certain

Carless, which saw any "white knight" hopes evaporate earlier this week when discussions with

Aran Energy proved abortive, visited Trafalgar on Wednesday. As a result, Trafalgar's hro-

kers, Cazenove, purchased 18.7m

kers, Cazenove, purchased 18.7m shares at 115p — the same as Kelt's cash offer — late in the day. Traialgar's formal statement said that it planned to discuss the "feasibility of collaboration between Carless and its oil and gas interests," which would be implemented if the Kelt bid lapsed. It stressed it did not intend to make a full hid for Car.

intend to make a full bid for Car-

less. Carless shares slipped 2p to

107p. Lex Page 24

 DSM, the Dutch state-owned chemicals company, 25 per cent, GDD, a holding company cre ated in 1983 to buy out the International Harvester stake and comprising NIB, the Dntch Investment Bank, VADO, DSM and DAF itself, 23.44 per cer Amsterdam-Rotterdam Bank

(Amro), 2.56 per cent. The exact details and timing of the flotation are still to be decided, but it is expected that DAF's current shareholders will each sell part or all of their holdings, and it is possible that Brit-

ish Aerospace will remain the single largest shareholder.

DAF said yesterday that a final decision had not yet been made to go ahead with the floation and that the condition of both the stock market and the West Euro-pean truck market would deter-

Lonrho bid

Bond stake

By David Waller in London

LONRHO, the London-hased

trading group which is being stalked by Mr Alan Bond, is

stalked by Mr Alan Bond, is attempting to freeze the Antipodean entrepreneur's 21.5 per cent stake in the company.

Lourho has lodged an application with the High Court for an order freezing Mr Bond's 95.02m shares. A similar "spoiling" tactic was earlier used against Mr Asher Edelman, the New York-based arbitrareur.

Asher Edelman, the New York-based arbitrageur.

Mr Paul Spicer, a Lourho director, said the aim was not so much to deprive Mr Bond of the benefits of owning Lourho shares, but to find out how he

On Wednesday, Mr Bond songht to clarify earlier announcements about the way in

which the stake was distributed between Bond Corporation Hold-ings, Mr Bond's master com-pany, Hurstmere Finance (a BCH

owns the stake.

to freeze

mine the timing of such a move. DAF has appointed its major financial advisers for the issue, however. Amsterdam-Rotterdam Bank (Amro) will lead the planned flotation, while County NatWest, the UK investment bank, will sponsor the issue in London and Credit Suisse First Boston will distribute the shares

DAF has benefited greatly from the boom in commercial vehicles sales in West Europe during the last two years and has secured a share of more than 9 per cent of the West European truck market (above 3.5 tonnes).

in Switzerland and elsewhere.

It now has an annual output of around 55,000 vehicles and in the first half of the year achieved a profit of £16m compared with £19m in the whole of 1987. Since the takeover of the Ley-

land truck and Freight Rover van operations the UK has become of overwhelming importance for the group and according to Mr Aart van der Padt, chairman of the DAF management board, sales in the UK this year of around 32,000 vehicles will represent about 58 per cent of total DAF production. DAF has plans for a £150m five

year investment programme in the UK, including most impor-tantly the development of a new van range for its Birmingham-based Freight Rover Sherpa van operations

Production at the Levland truck assembly plant in Lanca-shire has doubled during the last two years and is currently run-ning at an annualised rate of some 16,000 trucks, although this still represents less than half of the plant's rated capacity.

GrandMet profit leap outstrips forecast

By Lisa Wood in London

GRAND Metropolitan, the foods and drinks group, yesterday reported a pre-tax profit of £575m (\$1.1bn) for the year ended Sep-tember 30, an increase of 26 per

cent on the previous year. The results were more than GrandMet forecast at the time of a recent rights issue and would have been 226m higher had 1986/ 1987 average exchange rates preveiled during the

Earnings per share increased by 23 per cent, from 38.9p to 48p. The final dividend will be 9.5p, a 27 per cent increase, with the total dividend for the year at 15p per share, np 25 per

Extraordinary profits of £290m came from disposals, including Children's World and soft drinks operations in the US. The sale of Inter-Continental Hotels, to Seibn Saison of Japan, will come in this year's results.
Mr Allen Sheppard, chairman, said: "Our aim is to be a world

subsidiary) and Bell Resources, the Australian company in which Bond has a 57 per cent player in food, drinks and retail-ing, with particular geographical Lonrho claimed yesterday that earlier Bond statements had emphasis on Western Europe, North America, Japan and the made no mention of any interest of Bell Resources. Mr Sheppard said the proposed

The application is being made under Section 212 of the Companies Act. No date has yet been \$5.2hn acquisition of Pillsbury, the US Burger King and foods group, was a key strategic move to expand the group's food and retailing activities. Total turnover for GrandMet in set for the court hearing.

the year was £6.03bn, an increase

of 6 per cent on the previous

The wines and spirits division, which leads the world in sales volumes, increased volume, market share and profit. Smirnoff vodka, J&B whisky and Bailey's Irish Cream performed particu-

larly well.
Grand Metropolitan Brewing, with brands including Foster's and Budweiser lagers, increased market share and profits in spite of the sale of 701 public houses. In the foods division, Express was described as having an excel-lent year, increasing profits by 35 per cent. Expansion into new

markets continued with further acquisitions in related food busi-Alpo Petfoods maintained its leading position in the US canned dog food market, with plant consolidation and re-organisation of distribution during the year intended to equip the company

for future growth.

In the retail division, Pearle, the US eyecare husiness, increased dollar trading profits by 32 per cent. Trading profits of Mecca Bookmakers increased 42 per cent, with benefits expected this year when all the shops will be linked to Satellite Information

Services.
London Clubs had a difficult year because of market condi-tions and trading profits fell by 26 per cent.

Lex, Page 24

TRADING	PROFIT BY	SECTOR (£m)	_
	1987	1988	7
Food	69	84	+22
Wines/spirits Brewing	219 38	274 42	+25 +11
Retailing/property Betting/gaming	123 37	143 36	+16 - 3

Fees for Nabisco buy-out to top \$700m

By James Buchan in New York

NEW YORK'S commercial and investment banks are set to pick up a minimum of \$700m in fees from the takeover of RJR Nabisco, with more than \$225m going in the next few months to Drexel Burnham Lambert, the powerful Wall Street firm at the centre of e big criminal investi-

The fees, revealed in statutory filings that became evailable yes-terday, are the largest exaction ever made by Wall Street on

ever made by Wall Street on America's corporate owners. Ultimately, Wall Street and commercial banks could pull in \$15n in fees, interest and stock from the \$26.25n transaction.

According to the filings, the lion's share will accrue to Drexel Burnham, which is locked in intense negotiations with the US Justice Department to forestall criminal prosecution for alleged malpractice in financing take-overs.

Kohlberg Kravis Roberts, the investment partnership which won Nabsico, the tobacco and food gronp, in a fiercely contested takeover anction last week, revealed yesterday that it wepld pay \$325m in fees to a syndicate of banks to arrange \$14.5bn in financing for the deal. The syndicate will be led by Bankers Trust, which said on Wednesday that 11 per cent of its loans were to leveraged buy-onts investment partnership which

loans were to leveraged bny-onts of the Nabisco type. The other lead banks are Citibank, Chase Manhattan and Manufacturers Hanover. The banks will also receive up

to 1 per cent of their loan com-mitments each year.

But these fees pale against the money promised Drexel Burn-ham. The firm dominates the market for the fixed-rate debt or junk bonds - which Nabisco's new owners must issue as a condition for receiving the bank

Until it can raise the junk bonds, Drexel Burnham is lending \$3.5bn of its own capital in a bridge loan to ensure the takeover can be completed.

KKR's filing reveals that
Drexel Burnham will receive at

least \$226.9m in fees for advising the firm and arranging the bridge loan. Merrill Lynch, the hig retail broker, is providing \$1.5bn in bridge loans and will receive at least \$109.4m.

large fees each firm would receive when they refinance their bridge loans in the junk bond market.

Two other firms, Morgan Stanley and Wasserstein Perelia, will receive \$25m for advice.

STC plans to buy a line into intelligent networks

Hugo Dixon explains the company's new strategy

Since STC was removed from the British project to develop a digital telephone exchange in the early 1980s, the UK's second largest electronics group has been searching for an alternative strategy for the telecommunications industry which does not involve making its own

The company's proposed \$168m acquisition of Computer Consoles, a specialist US telecommunications company, is the latest step in the assembly of such a strategy. It will also be the largest acquisition made by STC since it fell on hard times in the mid-1980s.

The main attraction of Computer Consoles, which has also been recovering from a rocky period in the mid-1980s, is that it would give STC a good position in what is likely to be one of the factor to require and most critising. fastest-growing and most exciting telecommunications markets over the next decade - the provision of "intelligent networks."

An intelligent network will provide telephone customers with a wide range of sophisti-cated services, such as access to intelligent databases and the capacity to divert their calls to other locations. The idea is to provide these services by locating the necessary intelligence in a

heart of a telecommunications By separating the intelligence from the exchange, new services can be provided rapidly in response to market needs. It can take four years to pro-

central computer rather than in

vide all customers with a new service, because of the need to write new software and install it on every exchange in a network. A move towards an intelligent network would also give telephone operators a larger number of suppliers to choose from, because they would not be tied to their existing suppliers of exchanges. For these reasons, most of the world's leading telephone operators are planning to develop intelligent networks in

is already being implemented in The importance of intelligent

the next decade and the concept

networks to STC is that it does not need to make a digital exchange to be big in this mar-ket, since part of the concept is that the necessary intelligence should be compatible with any

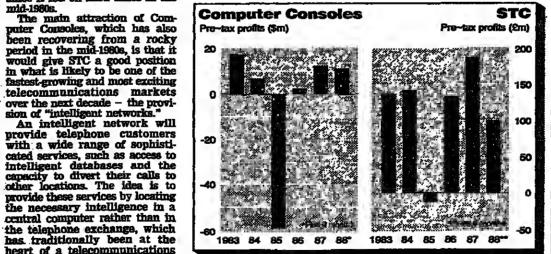
manufacturer's exchange.

The focus on intelligent networks, therefore, fits in with STC's telecommunications strategy of developing products inde-pendent of particular exchanges. This has led the company in recent years to emphasise fibre-optic cables, which transmit high-volume telecommunications traffic, and flexible access

Computer Consoles has also recently been developing a range of services such as antomated credit card hilling for telephone calls and sophisticated freefone services.

These specialties — which pave the way for intelligent networks — have enabled the company to win some of the contracts to develop the first phase of intelli-gent networks in North

The acquisition of Computer Consoles would also help carry forward STC's office eutomation strategy, argues Mr Gershon.



systems, which locate more intel- About half of Computer Consoles' ligence on a customer's premises. However clever the switches (exchanges), you have still got to get the information to the sub-scriber's premises," is how Mr Peter Gershon, managing direc-tor of STC Telecoms, puts it.

One of STC's weaknesses, how-ever, has been an inability to sell many of its products in North America, the world's largest and most advanced telecommunications market.

The proposed acquisition of Computer Consoles would help remedy this deficiency. The company's traditional specialty has been the supply of computerised directory inquiry systems to most of North America'e telephone operators, as well as to British

turnover of \$148m last year was in the telecommunications area and the rest was in computers. To STC, the most attractive

part of Computer Consoles' computer business is Office Power -a software product it has developed to address office automation needs. ICL, STC's computer subsidiary, already uses the product with its computers and Mr Ger-shon says it is a "key plank in ICL's office automation strategy."

A further attraction is that Computer Consoles is selling Office Power to the legal and government sectors in the US, while ICL has focused on the retailing sector.

"It gives us distribution chan-nels into areas we are not in," says Mr Gershon.

Notice

to the holders of the outstanding £35,000,000 11 per cent. Bonds due 1992 (the "Bonds")

ARCO British Limited ("ARCO British") (Incorporated with limited liability in the State of Delaware in the United States of America) (but formerly of Tricentrol PLC ("Tricentrol"))

constituted by a Trust Deed (the "Principal Trust Deed") deted 27th June, 1985 made between Tricentrol and The Law Debenture Trust Corporation p.L.c. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders") and a First Supplemental Trust Deed (the "First Supplemental Trust Deed (the "First Supplemental Trust Deed") deted 29th November, 1968 made between Tricentrol, ARCO British and the Trustee.

NOTICE IS HEREBY GIVEN TO THE BONDHOLDERS THAT:

following Tricentrol becoming a wholly owned subsidiary within the ARCO Group of companies and in order to facilitate a reconstruction of the Tricentrol Group of companies involving, inter alia, the transfer by Tricentrol and its subsidiaries of all their respective assets and liabilities (other than those required to maintain corporate existence) to ARCO British, an indirect subsidiary of Atlantic Richfield Company ("ARCO"). Tricentrol and ARCO British requested the Trustee to exercise its power under Condition 11 of the Bonds and Clause 22 of the Principal Trust Deed to agree to the substitution in place of Tricentrol of ARCO British, as successor company (as defined in the Principal Trust Deed), as the principal debtor in respect of the Bonds and the Interest coupons appartaining thereto (the "Coupons") and under the Principal Trust Deed;

(2) ARCO indicated that, in consideration of the Trustee agreeing to such substitution, it would undertake (a) if the net worth of ARCO British should be less than U.S. \$25,000,000 whilst any of the Bonds or Coupons remains outstanding, to make up such deficiency by means of, inter alia, subscription of share capital or expital contribution and (b) whilst any of the Bonds or Coupons remains outstanding, to use all resconable orderwours, inter alia, to procure ARCO British to evold becoming required by any law in existence at 28th November, 1968 to make any such withholding or deduction as is referred to in Condition 6 ("Taxastion") of the Terms and Conditions of the Bonds;

(3) the Trustoe, having been advised by S. G. Werburg Securities that in their opinion the substitution and undertailings referred to in (1) and (2) above would result from the point of view of the Bondholders in a material improvement in the credit of the printery obligor of the Bonds and would be in the best interests of the Bondholders and accordingly being of the opinion that such substitution and undertailings are not materially projudicel to the interests of the Bondholders, has concurred in the implementation of such substitution and has accepted such undertailings; and

(4) such substitution has been implemented by the First Supplemental Trust Deed and such under letter dated 29th November, 1988 addressed by ARCO to the Trustee (the "ARCO letter").

The Terms and Conditions of the Bonds as modified to reflect such substitution are available in the statistical services of Extel Financial Limited. The Bonds are now listed on The Stock Exchange in London as securities of ARCO British. The definitive Bonds and Coupons now in Issue will remain valid, but as obligations of ARCO British, and accordingly will not be called in for replacement. Any Bondholder who wishes to inspect copies of the Trust Dead in First Supplemental Trust Dead or the ARCO letter or to obtain a copy of the Terms and Conditions of the Bonds as so modified may do so at the specified offices of the Paying

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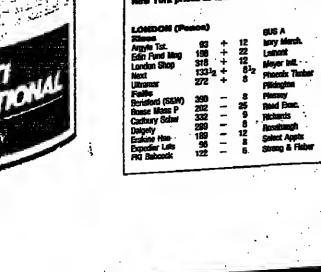
35 Avenue des Arts B-1040 Brussels PO Box 474

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INTERNATIONAL COMPANIES AND FINANCE

AT&T and US Sprint win orders worth \$25bn

By Roderick Oram in New York

AMERICAN Telephone and Telegraph and US Sprint have won contracts potentially worth some \$25bn over the next decade to build and run the US Federal Government's new private telecommunica-tions system. It was the largest

non-military procurement order ever by the Government.
The final verdict came after more than a year of highly political in-fighting, leaked bids. bids and other manoeuvr-ing.The disappointed bidder left empty handed by the process, a joint venture of Martin Marietta and MCI Communications, said it might contest the

award in court.
AT&T, which will handle 60 per cent of the project, had been unsure it would win any Services Administration, the government agency handling contracts, was biased against it because it had raised phone charges on the government's existing private network

expansion

By Robert Taylor

Mr Per-Olof Aronson Granges president, said the move gave the company "addi-

tional production capacity, a

stronger position in the market and an important bridgehead

in the European Community".
National Aluminum's subsid-

iary has an annual output of 25,000 tonnes of aluminium foil

and other aluminium products. Sales last year were around \$70m. Gränges Aluminium pro-duces 60,000 tonnes of rolled

in 1987 amounted to \$1.25bn.

Aluminium had a strong inter-

national presence in extruded

products and the Luxembourg

deal was "a first step towards establishing a similar position in rolled products."

Mr Aronson said Granges

in Stockholm

steeply in recent years.

Following the leaking of bid information earlier this year, several senior GSA officials were forced to resign.

AT&T and US Sprint will

build by 1991 a private network called FTS-2000 serving more than half a million civilian and military government employ-ees throughout the country. It should save the Government some \$200m a year in running charges. Calls on the existing network completed in 1963 cost almost twice as much as those on public services.

The new system's services will include switched voice, switched data, packet switched data, switched digital intedata, switched digital inte-grated services, video tele-con-ferences, electronic mail and dedicated transmission.

AT&T's partners in its part of the project are Boeing, the aerospace group which has a strong computer services busi-

ness, and Computer Sciences, a software company. AT&T,

which plans to involve others such as some regional Bell operating companies, said its share was worth from \$2.7bn to \$15bn depending on how many government agencies use the

US Sprint, a joint venture between United Telecommuni-cations, an independent telephone operating company, and GTE, a telecommunications and electronics group, said the other 40 per cent of the busi-ness could be worth up to

for US Sprint which is a rela-tively new player. Like the dis-appointed MCL, it is a new long-distance telephone net-work that has eroded AT&T's market dominance in the past

five years. US Sprint will challenge AT&T in four year's time for the 60 per cent share, with the loser taking the minority part. The competitive process will be repeated three years later.

French to switch control Electrolux unit in Luxembourg of banks group to GAN

By George Graham in Paris

THE FRENCH Government is on the point of transferring control of Credit Industriel et GRANGES Aluminium, a subsidiary of Electrolux of Sweden, has acquired the Luxembourg operations of the Pittshurgh-based National Aluminium Cornection Function Commercial (CIC), a nationalised grouping of regional banks, to the state-owned insurer Groupe des Assurances minum Corporation. Financial details were not disclosed. Nationales (GAN).

Nationales (GAN).

Mr Pierre Beregovoy, the finance minister, said yesterday he had agreed to GAN increasing its 35 per cent stake in CIC. "It is a good thing, given the capital requirements of CIC," he said.

Details of the operation have

Details of the operation have not been disclosed, but the state is expected to transfer part of its majority holding in CIC to GAN, taking the insur-ance group's stake to 51 per cent. The state would receive in return new shares in GAN itself, in which it already controls 85 per cent of the capital.

GAN replaced Suez, the since privatised banking and investment group, as the main shareholder in CIC after the

have been slow in coming. Socapi, a joint venture between the two selling savings bonds and retirement savings policies, is starting to sell its products throughout the CIC's network of regional banks and is expected to be profitable this year. The two have also co-operated on development projects outside France and are considering the sale of non-life insurance policies through the CIC network.

through the CIC network.

However, the heavy losses of CIC's largest unit, CIC Paris, have inhibited the development of the relationship. CIC Paris lost FFr237m (\$39.4m) in 1967, hut the entire CIC group announced first-half 1968 earnings of FFr5. ings of FFr616m.

The rapprochement between GAN and CIC follows two years in which the two groups' complicated structures have been substantially reorganised, with a central holding comshareholder in CIC after the state four years ago, but the results of this link between retail banking and insurance holdings.

Siemens' **US** joint venture abandoned

By Roderick Oram in New York

EFFORTS BY Westinghouse Electric of the US and Siemens of West Germany to establish a major US joint venture in a wide variety of industrial products have falled. Both parties said, though, they are still negotiating much narrower

marketing pacts.
"We could not find common "We could not find common ground," said a Westinghouse official who declined to be more specific about the plan's failure. The venture, which would have been 51 per cent owned by Westinghouse, was to cover products in factory automation, industrial controls and circuit breakers.

Separately. Westinghouse

Separately, Westinghouse has sold its Unimation robot business to Staubli Interna-tional of Switzerland, the product's European distributor. Terms were not disclosed but the price was likely to be far less than the \$107m Wes-

far less than the \$107m Westinghouse paid for Unimation in 1983. The company, once a world leader in robots, was never a great success for the US company.

Stanbli, a maker of servocontrols for the textile industry and parts for pneumatic and hydraulic systems, will take over Westinghouse's Telford, England robot plant. Westinghouse will retain the controls part of Unimation and remain the robots US distributor.

will continue to make heavy industrial robots used for example in the aerospace and automotive industry, said Uni-mation had not been part of the Siemens' talks. When the US and West Ger-

man engineering companies announced their joint venture in April they said it would employ about 3,000 and gener-ate initial sales of some \$300m-\$400m.

The venture would have been a useful boost to Siemen's US strategy. Through this decade the company has rapidly built its US sales in products such as medical, telecommunications, energy, fac-tory antomation and other types of equipment. It lost, however, DM450m last year on US sales of \$4bn.

Reprieve for California insurers

By Louise Kehoe in San Francisco

MOST ASPECTS of Proposition insurance companies' partial 103, the California "insurance revolt" ballot measure, must go into effect immediately, but not the controversial 20 per cent cut in property and casu-alty premium rates, the California Supreme Court ruled late

on Wednesday.

In agreeing to hear insurance industry challenges to the constitutionality of the new law, passed by voters in the November 8 ballot, the court provided a temporary reprieve for the industry as it battles to prevent the rate cuts.

Provisions that will signifi-

cantly change the insurance business environment in California will, however, go ahead.
These include the repeal of

exemption from antitrust laws; insurance rates be based primarily on a driver's record, rather than on where a driver lives; a ban on insurance companies cancelling vehicle insurance policies, except in strictly defined circumstances; permission for banks to sell insur-

state insurance commissioner, a post that is currently an appointment, starting in 1990. The court also set a schedule for interested parties to submit legal briefs on the constitutionality of 103. The final deadline is January 23, meaning that the hearing should occur some

ance; and the election of the

The most immediate impact of Proposition 103 is expected to the be entry of several large banks into the insurance market. The Supreme Court ruling

gave partial satisfaction to both insurance companies and the consumer advocates who have backed Proposition 103. "I am very pleased that the court has said it will quickly hear the case," said Mr Harvey Rosenfield, author of Proposi-tion 103, it indicated, he added. that a final decision will be issued by May 1989. "But we will never be satisfied until all

of Proposition 103 is in effect."
On behalf of the insurance industry, however, Mr Stanley Zax, president of the Association of California Insurance Companies, said: "We are delighted that the court has decided to hear the important

constitutional issues surround-ing Proposition 103".

The insurers have argued that the rate cuts mandated by Proposition 103 are unconstitutional because they do not take into account the right of insur-ance companies to make a

profit. They have also warned that the rate cuts could lead to widespread insolvency in the industry. Several large insurance com-

panies have threatened to pull out of the California property and casualty insurance market if the rate cuts go ahead.

Salomon Brothers to repatriate \$1.1bn

By Anatole Kaletsky in New York

SALOMON Brothers, the big New York investment bank, said yesterday it is to bring back to the US \$1.1bn of retained income from its over-sess subsidiaries, primarily its international financing busi-ness, Salomon Finance, which is based in Zug, Switzerland.

The decision would result in a special charge of \$150m against fourth-quarter earnings. But owing to changes in the US tax code, remitting foreign earnings before the end of the control of the

1988 would be more tax-effi-cient than any later repatria-tion, a Salomon official said. Salomon officials said the reduction in the capital of the foreign operations would effect only the Swiss financing sub-sidiary, and would have no impact on the group's core investment banking and secu-rities businesses in Britain, Europe or Asia.

around \$600m, Mr Robert Salo-mon, managing director, said. Mr Salomon said the move reflected 'a strategic decision to shrink our financing operations, which was consist-ent with the group's increas-ingly focussed approach to the securities and investment banking business. He said that \$750m of the

\$1.1bn were being repatriated to the US immediately, with the remainder to be remitted

\$150m charge announced yes-terday would cover the anticipated tax liabilities on both portions of the earnings to be

remitted Mr Salomon added that the Mr Salomon added that the decision to remit the earnings did not reflect any specific need for capital in the US operations, although it would increase the group's financial flexibility. Most of the S750m to the US in being brought into the US in the current quarter would be used to repay short-term debt.

VW, Ford to boost Brazilian investment

By John Barham in Sao Paulo

AUTOLATINA, the holding company for Volkswagen and Ford operations in Brazil and Argentina, plans to increase investments to \$1.5bn over the

next five years.

Earlier this year Autolatina, which is based in Sao Paulo, said it would invest \$1bn in the five years to 1993.

Mr Wolfgang Sauer, the company's outgoing president, said Autolatina will report a profit for this year, but refused to say how large earnings would be. In 1987 the company registered

a \$220m loss. The investments will begin next year with \$300m. Brazil would take 87 per cent of the funds. Antolatina, which has 60 per cent of the Brazilian market, said most of the investment will be developing new products for the Brazilian

A total of \$950m is to be invested in Brazil on adapting existing car and truck models and developing new ones. A further \$350m will be spent on modernising and npgrading production lines. The investments should create 5,000 new

jobs, the company said. Ford will begin selling a bigger, improved version of its Escort at the end of 1989. It will be equipped with a 1.8 litre Volkswagen engine. The VW engines will also power a Ford mid-range saloon. In 1990, Volkswagen will begin produc-ing cars equipped with Ford

VW and Ford joined forces two years ago to cut costs by integrating industrial

operations, but retain their parate indentities. Autolatina said only part of its investment programme will be financed locally from

retained earnings. Most of the capital will be provided by the Ford and Volkswagen headquarters.
Antolatina refused to say whether the money will come in the form of capital increases, via debt to equity conversions, or by a conventional infer-company loan.

In June, Chase Manhattan Bank converted \$200m of its

Bank converted \$200m of its Brazilian debt into a share of Autolatina. The company said it envisages no further conversions by the bank.

Mr Saner says Autolatina will end 1988 with sales of Companies put the excha \$4.8bn, of which about one rate gap at 30-40 per cent.

sixth will come from its operations in Argentina. Bra-zilian sales increased by 20 per cent over 1987 levels to \$4hn. About one quarter of Brazilian revenues came from foreign

Antolatina's recovery is mainly due, he said, to the end of government price controls. The company said the controls caused its 1987 loss because domestic prices did not cover production costs.

Mr Sauer now says that Autolatina's once-profitable export business has become a loss-maker because the Brazilian currency has not been devalued fast enough to keep up with very high inflation. Companies put the exchange

Johnson Matthey

BUILDING FOR GROWTH

- acquisition doubles worldwide electronic materials business
- new European autocatalyst plant being built (Belgium)
- high purity chemicals acquisitions (USA and West Germany)
- restructuring European brazing alloy business new inorganic colours facility (UK)
- new ceramic transfers plant (France)
- Group Technology Centre expanding (UK)

Six months' results - Highlights

1988 1987 PROFIT BEFORE TAX. £31.5m £30.5 m PROFIT AFTER TAX £23.4m £22.6m EARNINGS PER SHARE 12.9p 12.5p INTERIM DIVIDEND 2.5p 2.5p

- adverse precious metal prices and exchange rates overcome
- strong performance by autocatalyst business
- good industrial demand for platinum
- exceptional growth in platinum for jewellery and investment
- ceramic colours and transfers advance

THE ABOVE POINTS ARE EXTRACTED FROM THE HALF-YEAR REPORT, COPIES OF WHICH ARE AVAILABLE ON REQUEST TO THE COMPANY SECRETARY,

JOHNSON MATTHEY PLC,

NEW GARDEN HOUSE, 78 HATTON GARDEN, LONDON ECIN 8JP.

TELEPHONE: 01-430 0011. TELEX: 287711. FAX: 01-831 9225



IT'S NOTALL WE'VE BEEN GROWING THIS YEAR.

"Berisford is now following a clear-cut business strategy. The organisational structure is in place with a top management team. The Group is therefore well placed to meet the challenges of the next decade."

	E	S Margulie	s Chairman
Summary of Results	1988 £m	1987 £m	Increase
Profit before tax	101.6	87.5	+16
Earnings per share	35.6p	32.7p	+ 9
Dividend per share	15.5p	14.0p	+11

S.&W.BERISFORD PLC

Notice To the Holders of WARRANTS

To subscribe for shares of common stock of

TOKYU HOTEL CHAIN CO., LTD.

(Issued in conjunction with an issue by Tokyu Hotel Chain Co., Ltd.

(the "Company")

of U.S. \$70,000,000

3%% Guaranteed Notes 1992)

NOTICE OF FREE DISTRIBUTION OF SHARES

ADJUSTMENT OF SUBSCRIPTION PRICE

Pursuant to Clause 4(A) of the Instrument dated 23rd September, 1987 under which the above described Warrants were issued, you are hereby notified that a free distribution of Shares of the Company at the rate of 0.09 share for each one share held will be made on February 15. 1989 (Japan Time) to shareholders of record as of 31st December, 1988 (Japan Time).

As a result of such distribution, the Subscription Price at which shares are issuable upon exercise of the Warrants will be adjusted pursuant to Condition 7 of the Terms and Conditions of the Warrants from 1,230.0 Japanese Yen to 1,128.4 Japanese Yen effective as of 1st January, 1989.

NOTICE OF REDEMPTION

Household International, Inc.

11%% Gusranised Notes Due December 1, 1990 (Originally leved by Household Finance International N.V.)

NOTICE IS HERIBBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 21, 1983 as supplemented by the First Supplemental Indenture dated as of February 28, 1985 and the Second Supplemental Indenture dated as of March 15, 1987 among House, hold Finance International NV, (the "Company") Household International, inc. (the "Guarantor") and The Chase Menhattan Bank (Nettonial Association) (the "Inustee") and pursuant to the provisions of the storesald Notes (the "Notes will be redeemed on Jenuary 10, 1988 (the "Redemption Date into the Redemption Dates") at the price of 100% of their principal amount, plus accruage interest to the Redemption Date (the "Rademption"). The accruade Interest payable for each \$1,000 principal amount of Notes redeemed as \$12.59 for a total Redemption Price of \$1,012.59. The Redemption Price will become due and psyable upon each Note on Jenuary 10, 1989 and on and after such Redemption Date Interest on the Notes will cause to accrue. Pursuant to the Second Supplement Indenture, the Guarantor assumed the obligations of the Company under the Notes and the related coupons.

Psyment of the Redemption Price will be made upon presentation and surrender of the Notes, together with all appuretnant coupons meturing subsequent to the Redemption Oate, at any of the following psying agencies:

Coupons which shall mature on, or shall have matured prior to, the Redemp a detuched, presented and aurrendered for payment in the usual member.

Dated: 9th December, 1988

Orion Royal Bank Limited 1 London Well London EC2Y 5J

Royal Bank of Canada (Belghum) S.A. Rue de LIGNE 1 B-1000 Brumalies Bulghum

Royal Bank of Catada A.G. R.O. Bex 102247

THE INDUSTRIAL BANK OF JAPAN

TRUST COMPANY on behalf of TOKYU HOTEL CHAIN CO., LTD.

6, Kojimachi 6-chome, Chiyoda-ku, Tokyo, Japan

Royal Sank of Canada (Subset) S.A. Rue diday 6 Case Stand 130 1204 Geneva Sustantand

onk S.A. Lunca

HOUSEHOLD INTERNATIONAL, INC.

By: THE CHASE MANHATTAN BANK (Nelloral Association)

TEMBER 9 1988

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Table interests out : Chie & spead Chiefaria haban se presented to but the residence of

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Sanofi to sistore in Insurance s. Said We see the count has the count has the important that its are important that its are important that its are important that its areas and its areas are important to the country in the coun rebuild capital with rights issue By George Graham in

SANOFI, the French pharmaceuticals group controlled by oil producer Elf Aquitaine, is to raise a total of FF12.16bn (\$360m)through a rights issue with attached warrants.

Mr Jean-Francois Deheco. group chairman, said Sanofi was not currently planning any major new purchase, but had spent a total of FFr1.7bn on acquisitions over the past year and wanted to take a good market opportunity to rebuild its capital.

The capital increase will take the form of a one for eight rights issue priced at FF7785 a share, with one warrant attached to each share. Every two warrants will give the right to subscribe to one further share at a price of FF7890 at any point, over the part at any point over the next

three years.
The offer should therefore raise FFr1.38bn immediately, with another FFr780m to come if all the warrants are exer-

cised.

Elf Aquitaine has agreed not to take up all its rights, thus releasing a FFr593m tranche for placing on the international market. Elf will take np FFr450m of the issue, diluting its stake immediately from 60 per cent to around 57 per cent, with the remaining PFr334m offered to French investors.

Sanofi, after losing the battle to take over the US drug company A.H.Robins earlier this year, has expanded in the pharmacenticals sector, with the acquisitions of Deursil in Italy and Kallestad in West Germany for a combined total of FF720m.

It also spent FFr330m on a 38 per cent stake in the Nina Ricci beauty products group, while a series of smaller acquisitions in the seeds and flavourings sectors cost a total of

Mr Dehecq said that Sanofi's priority for the coming year would probably be pharmaceu-ticals, although he emphasised that development in this sector depended primarily on success in the research field.

He said he remained keen to

buy Clause, the leading French plant seeds company con-trolled by the hybrid insurance group Midi.

"In my view there are a great many things which should have been done with Clause in the last ten years, but for the moment its development is sterilised by having three shareholders," Mr

Sanod's sales in the last few months have been badly dam-aged by a series of strikes in

Mr Deheco said the group would still make an estimated FFr745m of net profits this year, up 23 per cent from the previous year, on sales up 11 per cent to FFr18.3bn.

INTERNATIONAL

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PROPERTY

Heineken and Bols form spirits joint venture

beer market, where Heineken ranks number three in the

health consciousness and age-ing populations. UK and French distillers are scram-

bling to take over competitors

in order to survive.

Heineken claims to be the

most international brand but its wine and spirits account for

only F1 395m, or 6 per cent, of

its turnover of Fl 8.66bn. Its

brands include Bokma and Hoppe Jenevers (Dutch gins)

but they are little known out-

INTERNATIONAL COMPANIES AND FINANCE

Netherlands, the brewer, and Bols, the Dutch distiller, plan to combine their spirits and wine activities in the Benelux countries as a reflection of industry concentration.

The new joint venture will command a leading position in the Netherlands, Belgium and Luxembourg with annual turnover of around FI 450m (\$123.2m) and a payroll of about 700. It will operate on the "basis of equality" although it is unclear exactly how that will work.

The former foes hope to achieve better economies of scale in production and distribution of their own hrands and the supply of other brands for major distillers. The joint ven-ture will be "commercially strong and broadly oriented with the aim of better safe-guarding the future of typi-cally Dutch businesses and products," according to a joint

side the Netherlands. It is Dutch supplier for Bacardi, An additional pressure is the Pommery and Bouchard Pere

world. In the all-important US In contrast most of Bols' market Heineken's share of Fi 1.1bn annual revenue comes imported beers has plunged to 28 per cent from a high of 53 from spirits and wines and it is widely known abroad for its famous Bols Jenever. It has expanded rapidly with acquisiper cent some years ago and in southern Europe its acquisitions are absorbing investtions in the Netherlands, ments while sales are flat. Argentina and Switzerland and derives more than half its turn-The entire distilled beverage industry is struggling against markets that are drying up amid anti-alcohol campaigns,

The partners match so well that Heineken launched a bid for Bols 12 years ago but was repulsed in a bitter dispute that has left them the source of rumours for years.

The joint venture is expected eventually to spread beyond the Benelux borders after agreement is reached with dis-tillers which they supply. One securities analyst said they ini-tially limited the venture to avoid competing with those distillers.

Suchard reports big growth

JACOBS SUCHARD, the Swiss chocolate and coffee concern, expects a further increase in turnover and a substantial rise in earnings for the current

In 1987, group sales had already gone up 16.6 per cent to SFr6.1bn (\$4.12bn) and net income by 39.6 per cent to SFr265m. The higher turnover this year will result primarily from internal growth, with increases in both sales volumes and market shares.

All operations are said to have participated in this over-all improvement. Earnings

Strong sales and profits growth were reported yesterday by the East Asiatic Company, the

said sales for the year would increase from last year'a DKr14.5bn (\$2.15bn) to DKr17bn and pre-tax earnings

from DKr473m to about DKr600m, based on exchange rates on November 30.

The company has invested DKr1bn in acquisitions and fixed assets this year.

U.S. \$750,000,000

Lloyds Bank Plc

(Proposited in England with Emileo Hability)

Primary Capital Undated Floating Rate Notes

(Series 1)
For the six months 9th December, 1988 to 9th June, 1989 the Notes will carry an interest rate of 9.5625% per annum, with a Coupon Amount of U.S. \$463.44

payable on 9th June, 1989. By The Chass Manballas Bank, N.A. London, Agent Bank

Copenhagen

from existing business will be considerably higher than in 1987, says the Zurich-based par-

At the same time, Jacobs Suchard booked a large profit from the sale of Rowntree shares to Nestlé. Subject to approval at the annual general meeting, shareholders are to receive a special 10 per cent bonus on this extraordinary

The main share of the Rowntree profit will be used to accel-erate improvements in production structure in the light of the internal EC market of 1992.

It will also enable expansion into new markets on a geo-graphical basis. As an initial move in the Pacific area the group has set up its own sales organisation in Australia for the supply to the local market with international Jacobs Suchard brands.

The board views the future of the group "with confidence." Cost reductions due to restructuring of production and the prospect of further expansion in the Far East are given as reasons for a further improvement in profits

Saga to shed licenses **East Asiatic** fares well in in Norwegian fields third quarter By Hilary Barnes in

By Karen Fossii in Osio

SAGA PETROLEUM, Norway's largest independent oil company, is seeking to dispose of its portfolio of licenses in Nor-wegian oil and gas fields to improve its debt-to-equity ratio which has weakened along with the oil price. Saga, which is currently try-

Danish based trading, shipping and manufacturing group, in a third quarter interim report. The company also announced the sale of three ing to stop Total Norsk Marine units, EAC Transport West from raising its stake in the company from 5 per cent to 35 per cent, has prime sharehold-ings in the Gullfaks, Oseberg, Troll, Stattjord, and Snorre Africa Service, Dafra Maritime Services and Dafra Lines to Compagnie Maritime Belge, part of Société Générale de Bel-East Asiatic gave no figures for the first nine months, but

It also holds an 8.6 per cent stake in Norway's only oil pipeline and has been granted a 3 per cent stake in a gas pipeline which will reach to

Zeebrugge, Belgium, once it is constructed.

However, shareholdings in Heimdal, where it has a 3.5 per cent stake, Midgard (20 per cent stake) and Gullfaks South (6 per cent), are not particu-larly attractive because they are gas fields with high development costs.

Gas prices are linked to oil prices so when oil prices are low gas prices are negatively affected.

Saga, which has a debt of about NKr6bn (\$0.9hn) and equity of NKr1.6bn, is gearing up for new, major investments for the development of its NKr31bn Snorre oil field, slated to come on stream in 1992.

Aegon boosts profits

By Our Financia! Staff

AEGON, the Dutch insurance group, boosted net profits for the first nine months of 1988 to F1 277m (\$140m) from F1 246m, due to higher turnover as costs remained under control.

"Negative currency effects had only marginal impact on profits...positive developments within the Dutch insurance

sector gained momentum in the third quarter," the com-pany said yesterday.

where salea grew aharply, Aegon said.
In the US the sale of annuities surged to Fl 1.27bn from FI 848m in the first nine months of 1987.

Total US turnover rose by 30 per cent in dollar terms in the first nine months.

Turnover rose 9 per cent to F1 7.75bn, due mainly to higher

premium income in the life insurance business,

Correction

Fried Krupp Cromme, Gerhard

chairman of Krupp Stahl, has been appointed to the board of parent company Fried Krupp and not to the chairmanship as implied in yesterday's Financial Times report.

Krupp Stahl, Krupp's public-ly-quoted subsidiary, yesterday released sharply improved dicting a pre-tax profit of about DM450m but after extraord nary costs that will be reduce to about DM170m before tax.

profit projections for 1988 on the back of the European steel The company, which recorded a net profit of only DM5m (\$2.85m) in 1987, is pre-

dicting a pre-tax profit of about DM450m but after extraordinary costs that will be reduced

ANGLOVAAL GROUP

Declaration of Ordinary Dividends



Dividends have been declared payable to holders of ordinary charse materials of the undermentioned companies at the close of business on 6 January 1969. The dividends have been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency. The date for determining the rate of establings at which the currency of the Republic will be converted into United Kingdom currency will be 16 January 1999 or such other date as set out in the conditions subject to which the dividends are peld. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 10 February 1999. The traveler books and registers of members of the companies in Johannesburg and London will be closed from 7 to 13 January 1999, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Interim dividend declared Name of Company Cents per chare Interim Dividends Year Ending 30 June 1956

Coupons due 11th January, 1989 should be detached and presented for payment in the usual manner.

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY

Guaranteed Floating Rate due 1994 Series 91
Unconditionally guaranteed by

The Kingdom of Denmark

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark has elected to redeem on 11th January, 1989 (the "Redemption Date") all of its outstanding Floating Rate Notes 1994 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes should be presented and surrendered to the paying agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

OF THE KINGDOM OF DENMARK (Kongeriget Danmarks Hypotekbenk og Finansforvaltning) £50,000,000

9th December, 1998 London By:Citibank,N.A. (CSSI Dept.), Fiscal Agent CITIBANCE

U.S. \$500,000,000 CITICORPO Subordinated Bank Adjustable Note Capital Securities BANCS

Notice is hereby given that the Rate of laterest has been fixed at 9.5625% and that the interest payable on the relevant interest Payment Date March 9, 1989 against Coupon No. 9 in respect of US\$50,000 nominal of the Notes will be US\$1,195.31.

December 9, 1988, London By: Cilibank, N.A. (CSSI Dept.), Agent Bank

Zundpais Gold Mining Limited Reg. No. 55/02414/06

By order of the boards Angioveni Limited Secretarios/Transfer Sec per. E. G. D. Gordon London Secretaries Angle-Transval Trustees Limited 295 Regent Street London WIR 8ST .

13.3

being 15 days immediately preceding 30th December, 1988 when notice will be given specifying the serial numbers of Bonds called for Bankers Trust Company, London

وكنامن الأصل

By order of the Board, per pro CONSOLIDATED GOLD FIELDS PLC,

London Secretaries Mrs. G.M.A. Glechill, Secretary

United Kingdom Registrar: Hill Samuel Registrars Limded, 6 Greencoat Place,

Agent Bank

GOLD FIELDS

(Incorporated in the Republic of South Africa) (Registration No. 05/04181/06)

CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES

DECLARATION OF DIVIDEND Dividend No. 9 of 145 cents per preference share for the six months ending 31 Dece 1988, has today been declared in South African currency, payable to preference shareholders registered in the books of the company at the close of business on

Warrants detect 1 February 1989 will be posted to preference shareholders on or abou

Standard conditions relating to the payment of dividends are obtainable at the si transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the

United Kingdom register must be received by the company on or before 30 December 1988 in accordance with the above-mentioned conditions.

MEMBER OF THE GOLD RELDS GROUP

PAROIL FUND

En conformité avec les dispositions de la loi, le Conseil d'Administration de Paroil Management Company S.A. et la Banque Dépositaire ont décidé de commun accord lors de la réunion du Conseil d'Administration du 9 novembre 1988 de mettre fin aux opérations du Fonds et de procéder à sa liquidation.

Conformément à l'Article II du Règlement de Gestion, l'émission et le rachat de parts ainsi que la Valeur Nette d'Inventaire seront arrêtés à partir de cette date.

les parts devront être présentées à l'Agent Payeur, Banque Paribas (Luxembourg) S.A. Les sommes qui n'auront pas été distribuées lors de la clôure des opérations de liquidation seront déposées à la ''Caisse des Consignations '' à Luxembourg au profit des ayants droit.

Notice of Mandatory Partial Redemption

Province of Quebec

U.S. \$150,000,000

121/4% Bonds due 1994

Notice is hereby given that in accordance with Clause 6(b) of the

Terms and Conditions of the Bonds, U.S. \$5,000,000 principal

amount will be drawn for redemption, through the operation of the mandatory sinking fund, on the next Interest Payment Date being

The last date on which exchange or transfer of Bonds may be made, pursuant to Condition 3 of the Bonds, will be 15th December, 1988,

Par ordre du Conseil d'Administr J. Pierson Secrétaire Général

The register of members of the company will be closed from 31 December 1988 to 6 January 1989, inclusive.

London Office: 31 Charles II Street, St. James's Square, London, SW1Y 4AG.

8 December 1988

American Express **Personal Reserve**

> With effect from 9 December 1988 the rate of interest applicable to American Express Personal Reserve Overdraft accounts has been increased to 1.78 per cent per month, and the Agreements with all holders of such accounts will be so varied.

Overdraft Account

Effective Annualised Interest Rate 23.5 per cent



American Express Bank Ltd. Himited Hability in the State of Connecticut, U.S.A.

American Express Bank Gold Card Overdraft Account

Presentation of Registered Notes for redemption to the paying agent in New York, or payment made in redemption of the Notes by transfer to a United States dollar account maintained by the payes with a bank in the United States, may be subject to reporting to the United States Internal Revision (RIS) and to beakup withholding of 20% of the grose proceeds (including accrued interest) if the payer falls to provide an executed IRS Form W-8 in the case of a non-Us person or an executed IRS Form W-8 in the case of a non-Us, person. Those holders who are required to provide their cornect texpeyer identification number on IRS Form W-9 and who fall to do an may also be subject to an IRS pensity of U.S. Sto. Accordingly, please provide at appropriate certification when presenting the Notes for payment.

With effect from 9 December 1988 the rate of interest applicable to American Express Bank Gold Card Overdraft accounts has been increased to 1.36 per cent per month, and the Agreements with all holders of such accounts will be so varied.

Effective Annualised Interest Rate 17.5 per cent



American Express Bank Ltd.

U.S. \$700,000,000



Republic of Portugal

Floating Rate Notes due 1993

Interest Rate Interest Period

9.425% per annum 8th December 1988 8th June 1989

interest Amount due U.S. \$ 10,000.00 Note

U.S.\$ 476.49 U.S. \$100,000.00 Note U.S. \$ 4,764.86 U.S. \$250,000.00 Note U.S. \$11,912.15

> Credit Suisse First Boston Limited Agent Bank

U.S. \$150,000,000

Guaranteed Floating Rate Subordinated Notes Due 1995 Guaranteed on a subordinated basis as to comment of principal and interest by

First Interstate Overseas N.V.

L.1 First Interstate Bancorp

Correction Notice Manufacturers Hanove Australia Limited A\$ 125,000,000 Guaranteed Floating Rate

rdance with the proof the Notes, notice is hereby given that the Rate of Interest for the Interest Period 31st October, 1988 to 31sr January, 1989 has been foxed at 13,955% peranoum. The coupon amount will be A\$ 3,517.42 for the A\$ 100,000 denomination and will be payable on 31st January, 1989 sgainst surrender of Coupon No. 6.

BANQUE NATIONALE DE PARIS

In accordance with the terms and conditions of Notes notice is hereby given that the Rate of Interest for the Interest Period 5th December 1988 to 5th June 1989 has been fixed at 13.75% per annum. The interest payable on the relevant Interest Payment Date, 5th June 1989, will be US\$695.14 per US\$10,000 Note.

US\$100,000,000

Floating Rate Notes due 1991

Banque Nationale de Paris p.i.c. **Interest Determination Agent**

Notes due 1992

U.S. \$100,000,000 Floating Rate Depositary Receipts due 1992 Issued by Bankers Truster Company Limited evidencing entitlement to payment of principal and interest on deposits with

Banco di Sicilia (Essablished in the Republic of Italy as a Public Credia I London Branch



For the six month period 7th December, 1988 to 7th June, 1989 the Receipts will carry an interest rate of 9½% per annum with a coupon amount of U.S. \$4,802.78 per U.S. \$100,000 Receipt. The relevant Interest Payment Date will be 7th June, 1989.

Agent Bank

97/16% per senura

Creeks Salmo First Boston Limited

Bankers Trust Bankers 11 London Company, London

Rediand

MEETINGS OF WARRANT HOLDERS AND BONDHOLDERS REDLAND CAPITAL PLC Registered in England No. 206705.3)

REDLAND FINANCE N.V. Notice of a Meeting of the Holders of the Worrants toused with US\$25,000,000 91, per cent. Guaranteed Bands Due 1991 of Reilland Finance N.V. (the "Warrant Holders" and the World Bands Due 1991 of Reilland Finance N.V.

9% per cent. Gauranneed Bonds Due 1991 of Redland Fasence N.V. (the "Warrants Holders" and the "Warrants" respectively)
in accordance with the terms and conditions of a Warrant Agreement dated 15th March, 1979 executed by Redland Finance N.V. and Chase Manhatan Benk Lunembourg S.A. (the "Bank") (the "Warrant Agreement") notice is hereby given that a Moeting of Warrant Holders will be held at the offices of The Chase Manhatan Bank, N.A., Woolgate House, Coleman Street, London BC2P 2ED on Thunday 5th January, 1989 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Entracordinary Resolution:

EXTRAORDINARY RESOLUTION

THAT this Meeting of the Holders of the Warrants relating to Ordinary shares in Rodland FLC (formerly Redland Limited) (the "Company") issued with the U.S.\$25,000,000 9½ per cent. Guaranteed Bonds Due 1991 of Redland Finance N.V. (the "Warrant Agreement in the Warrant Agreement

generally and emconditionally authorises and gives consent to the Company at any time and from time to time to make makes parchases (within the meaning of Section 163(3) of the Companies Act 1885) of its Ordinary shares of 25p each upon and subject to the condition that the prior at which Ordinary shares may be purchased shall not be less than 25p per Ordinary shares, exclusive of expenses; and sunctions and approves each and every modification, shrogation or variation of the rights of the Warrant Holders as is or may be involved in the implementation of any such purchases whether such rights shall arise under the Warrants or otherwise and in particular to discharge the Bank from the obligation to make an adjustment to the Subscription Price for the Warrants in accordance with Condition 5(A)titl) of the Warrant if and to the estent that the Company makes market purchases in accordance with this authority; and authorises the Bank and the Company to concert in, excente or do any document, set or thing necessary to give effect to such sushorisation, consent, sanction and approval of each and every such modification, shougation, compromise or arrangement.

By Order of THE BOARD.

Dated 9th December, 1988 Registered Office: Handleske-to 8

BY ORDER OF THE BOARD
A. A. M. de Bruite
Managine Director

THE BANK Chase Manhattan Bank Luxe 5 Rue Plactis, L 2338 Luxembourg-Grund,

THE RECEIVING AGENTS Benque de Commerce S.A., 51/52 Avenue des Arts, B-1040 Brussels, Belgium.

CEDELSA.

Morgan Gueranty Trust Company of New York, Enga-clear Operations Centre, 1000 Rue de la Régence 4, B-1040 Brussels, Belgium.

THE PAYING AGENTS

QUORUM AND VOTING FOR MEETINGS OF WARRANT HOLDERS AND BONDHOLDERS

QUORUM AND VOTING FOR MERTINGS OF WARRANT HOLDERS AND BONDHOLDERS

1. A Warrant Holder wishing to stend and vote in person at the Meeting of Warrant Holders must produce at that Meeting a Warrant Certificate issued by a Receiving Agent at the offices specified above (the "Receiving Agent"). A Bondholder wishing to stend and vote in person at the Meeting of Bondholders must produce at that Meeting a valid voting certificate issued by a Paying Agent at the offices specified above (the "Paying Agents").

A Warrant Holder or Bondholders not wishing to attend and vote at the relevant Meeting in person may either deliver a woting certificate to the person when he wishes to stend on his behalf or give a voting instruction on a voting instruction form obtainable from the Receiving Agents (in the case of the Meeting of Warrant Holders) or the Phying Agents (in the case of the Meeting of Bondholders) or, in either case, from CEDELS.A. or Morgan Guaranty Trust Company of New York (as options of the Euro-class system) at the addresses set our above instructing the Receiving Agent (in the case of the Meeting of Bondholders) to appoint a proxy and to amend and vote at the relevant Meeting in accordance with his instruction. Warrant may be deposited with (or to the order of a Receiving Agent and Bonds with (or to the order of a Paying Agent for the purpose of obtaining voting certificates or appointing proxist under a voting instruction until 46 hours before the time from the relevant Meeting in a root dense and Bonds with (or to the relevant Meeting in accordance with his new total proxists under a voting instruction until 46 hours before the time from the relevant Meeting in accordance with his new total condition of the relevant Meeting in a root dense and Bonds so deposited will not be released until the first to occur of—

the conclusion of the relevant Meeting or any adjournment thereof;

(ii) the surrender of the voting certificate to the Receiving Agent or Paying Agent who issued the same;

or if a voting instruction has been given

(iii) the surrender (not less than 48 hours before the time of the relevant Meeting or any adjourned meeting) of the respective receipts to the Receiving Agent or Paying Agent who issued the same in respect of each such deposited Warrant or Bond which is to be released, comiled with a notice from the Receiving Agent or Paying Agent (as the case may be) to Rediand Flanton N.V. or Rediand Capital FLC (as the case may be) of such surrender.

2. The quorum required at the Meeting of Warrant Holders is two or more persons present holding Warrant Certificates or voting certificates or being presses and holding or representing in the aggregate more than 50 per cent. of the Warrants then constanding. In the case of the Meeting of Bondholders the quorum required is two or more persons holding or representing a clear majority in principal sucumt of the Bonds for the time leng cuttarending. If which half an hour after the time appointed for the relevant Meeting a quorum is not present the Meeting shall attend adjourned for such pectod heing that the case of the Meeting of Warrant Holders) not less than fourteen days not more tream twenty-eight days, or (in the case of the Meeting of Bondholders) being not less than fourteen days not more than twenty-eight days, or (in the case of the Meeting of Bondholders) being not less than fourteen days not more than twenty-eight days, or (in the case of the Meeting of Bondholders) being not less than fourteen days not more than twenty-eight days, or (in the case of the Meeting of Warrant Holders) or (in either case) woring certificates or being process than a block woring fourteen days not more than twenty-eight days, or (in the case of the Meeting of Warrant Holders) or (in either case) woring certificates or being process than a process to deline the fourteen days not more than twenty-eight days, or (in the case of the Meeting of Warrant Holders) or (in either case) woring certificates or being process of warrant Holders) or the days of he

On a show of hands every person who is prevent in person and who produces a Warrant Holder, Bondholder, bodder of a voting certificate of as a proxy.

On a show of hands every person who is prevent in person and who produces a Warrant Certificate (in the case of the Meeting of Warrant Holders) or (in either case) a voting certificate or who is a proxy shall have one vote and on a poll every such person shall have, in the case of the Meeting of Warrant Holders, one vote for each Warrant of which he is the holder or is entitled by reason of a voting certificate or block voting instruction to represent and, in the case of the Meeting of Bondholders, one vote in respect of each £1,000 principal amount of Bonds for the time being constanting so produced or by the voting certificate so produced in respect of which he is proxy.

Any person entitled to more than one vote need not one all his votes in the same way or cast all the votes to which be is entitled in the same way. 4. To be peaced, each Entraordinary Resolution requires a majority consisting of not less than three fourths of the votes cast thereon, at the price and the price of the peaced, the Extraordinary Resolutions shall be binding on all Warrant Holders and Bondholders whether present or not at such Mortings and each of such Holders

Copies of the Trust Deed, including the Tetrus and Conditions of the Bonds, referred to in the Extraordinary Resolution of Rondholders set out above will be available for impection by Bondholders at the specified offices of the Psying Agents set out above. In accordance with normal practice the Trustee expresses no opinion on the meetrs of the proposal but has authorised it to be a saided that it has no objection to the Extraordinary Resolution being submitted to the Bondholders for their consideration. Copies of the Watturn Agreement referred to in the Extraordinary Resolution of Wattout Holders set out above will be available for impection by Watturn Holders at the specified affices of the Receiving Agents set out above.

the specified offices of the Receiving Agents are out above.

The Company has no immediate plans to purchase its own shares, but the Board would like to be able to act quickly if circumstances arose in which they considered such purchases to be destrable. It is not envisaged that the Company would make any such purchases unless their effect would be to increase carriags per share and would be for the bruefit of the Company generally.

The current requirements of The Stock Enchange limit purchases of Ordinary shares made durough The Stock Enchanges to a maximum of 14.9 per cent. of the instead Ordinary share capital of the Company at prices not exceeding 5 per cont. above the average of the middle marinet quotations taken from The Stock Enchanges loss of the Company at prices and current requirements of The Stock Enchanges has prevent the Company from purchasing its own shares during the period of two months before the samouncement of its half-year or full-year results or at a time when price-sensitive information has become known to the Company but not released to the public.

A Special Resolution of the Company authorising the Company to make market purchases of up to 10 per cent. of the issued Ordinary share capital of the Company, representing 27,000,000 Ordinary shares, was passed at an Extraordinary General Meeting of the Company held on 8th September, 1968. This shareholder suchocky will expire at the conclusion of the next Annual General Meeting of the Company. However in order to maintain the Board's finefallity of action it is envisaged that shareholders will be saled to renew it annually. So as to refleve the Company of the schainstpacte burden of convening further meetings of the Warrant folders and the Boardholders, the consensus contained in the above Extraordinary Resolutions will not require annual removal bot will be valid, in the case of the Warrant folders and supply of the Subscription Period on 15th March, 1991, and in the case of the Boards, until 4th January, 1994 (or, if earlier, convenion in full of the Boards).

Implementation of the proposed nower properties the Ordinary shares of the Company shared or adversely effect the right of the Warrant Folders on absorbe for any or the Sumerpides retried on 19th Marcis, 1991, and as the case of the Bonds, until 4th january, 1994 (or, if entiler, conversion in full of the Bonds), between the Determination of the proposed power to purchase the Ordinary shares of the June of the Warrant Holders to subscrib dinary shares or the conversion rights of the Bondholders. The Directors believe that any purchases of Ordinary shares which were to be made under the author that any purchases of Ordinary shares which were to be made under the authority and conversion prospectively. On 6th Decas 88, the latest practicable date before printing this Notice, the middle marker quotation for an Ordinary share derived from The Stock Exchange Daily Official 1st date was 400p. If the existing shareholder authority were to be exercised in full at the share price on this date, earnings per above would be increased by appending

U.S. \$100,000,000



Great Western Financial Corporation

Floating Rate Notes Due 1995

Interest Rate

97/16% per annum

Interest Amount per

9th December 1988 9th March 1989 Interest Period

U.S. \$50,000 Note due 9th March 1989

U.S. \$1,179.69

Credit Suisse First Boston Limited Agent Bank

£100,000,000



Floating Rate Notes Due 1995

Interest Rate

13.2875% p.a. Interest Period 7th December 1988

£10,000 Note due 7th March 1989

7th March 1989 Interest Amount per

Credit Suisse First Boston Limited

£327.64

ELDING (LLK.) PLC

Elders IXL Limiter

Notice is hereby given that following a one for tive bonus itsue of Ordinary Shares by Eiders Dt. Limited on Decimber 2, 1988, the conversion price for each of the conversion bonds is to be adjusted to Australian Dollar

Brasilvest S.A.

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Net asset value as of 30th November, 1988 per CZ Share: 703.60 per Depositary Share: US\$11,042.06 per Depositary Share: (Second Series) US\$10,369.18 per Depositary Share: US\$8,824.29

per Depositary Share: (Fourth Series)

US\$8,243.76

Consolidated Gold Fields Finance PLC

£75,000,000

Guaranteed Floating Rate Notes 1995

unconditionally guaranteed by

Consolidated Gold Fields PLC

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period 7th December, 1988 to 7th March, 1989, the Notes will bear interest at the rate of 13½ per cent. per annum, Coupon No. 16 will therefore be payable on 7th March, 1989 at \$1.654.38 per coupon from Notes of \$50,000 nominal and \$166.44 per coupon from Notes of \$50,000 nominal. Notes of £5,000 nominal.

S. G. Warburg & Co. Ltd. Agent Bank

Japan considers pre-listing auction

INTERNATIONAL COMPANIES AND FINANCE

By Stefan Wagstyl in Tokyo

Notice of a Meeting of the Holders of the £60,000,000 7%, per cent. Convertible Bonds. Due 2002 of Radland Capital FLC (the "Bondholders" and the "Bondh' respectively)

Due 2012 of Radiend Calpind PLC (the "Bondholders" and the "Bonds" respectively). In accordance with the terms and conditions of the Trust Deed dated 3rd March, 1967 constituting the Bonds, notice is hereby given that a Meeting of Bondholders will be incident the offices of The Chiese Machattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD on Thursday 5th Jenuary, 1989 at 10.05 are for so soon thereafter as the meeting of Holders of Warrantz issued with U.S. \$25,000,000 9t; per cent. Guaranteed Bonds Due 1991 of Rediand Finance N.V. convened for the same day and place shall have concluded or bean adjourned) for the purpose of considering and, if throught the passing the following Rasolation which will be proposed as an Extraordinary Resolution:

EXTRAORDINARY RESOLUTION

THAT this Meeting of the Holders of the £60,000,000 7½, per cent. Convertible Boods Due 2002 of Redland Capital PLC guaranteed on a subordinated basis by, and convertible into Ordinary shares of, Redland PLC (the "Company"), constituted by a Trust Deed dated 3rd March, 1987 ("the Trust Deed) extended between Redland Capital PLC and the Company and The Law Dehenture Trust Corporation of La (the "Trustee") herebyen.

generally and unconditionally authorises and gives consent to the Company at any time and from time to time up to 4th January, 1994 to make marker purchases (within the meaning of section 163(3) of the Companies Act 1983) of its Ordinary shares of 25p each upon and subject to the condition that the price at which Ordinary shares may be purchased shall not be less than 25p per Ordinary share, exclusive of expenses Provided that the Company may before the captive of this authority and consent make an offer or agreement which would or might require in Ordinary shares to be so purchased after such unpiry as if the authority and consent thereby given had not explayed, and

authorises Redland Capital PLC; the Company and the Trustes to concur in, execute or do any document, act or thing necessary to give effect to this Extraordinary Resolution.

THE PATING AGENTS
The Chase Manhattan Bank, N.A.,
Woolgate Rouse, Coleman Street,
London SC2P 2HD.

Chase Manhattan Bank Lamenhourg S.A.,
5 Rue Plants,
12338 Lamenhourg Grund,
Lamenhourg Lamenhourg

JAPANESE Finance Ministry committee is due to decide next week on a proposal to introduce a compulsory auc-tion for pricing companies going public, in what would be a wholesale reform of stock market rules in the wake of the Recruit financial scandal.

The Ministry of Finance is considering putting new rules into effect as soon as next April in order to restore the tarnished image of Japanese stock market regulation as quickly as possible.

If the auction system is adopted. Tokyo's new-issue rules will be radically different from those covering flotations in New York or London.

The Mos's plans reflect its concern at the wide differences between the offer price and the eventual market price for many Japanese new issues. The suspicion is that brokers THE Finance Ministry has launched an investigation into the private sale of convertible bonds in two companies in 1985 prior to the public flota-A small number of people including at least one political

reward favoured clients by giving them priority in allocating shares in juicy new issues. Officials were stirred into

action by the revelation this summer of the large profits made by leading politicians and businessmen on the flota-tion in 1986 of Recruit Cosmos,

a property company.

Their concerns were reinforced by the controversial flotation this month of Mitsubishi Motors Corporation, which jumped to a 70 per cent premium on the first day's

fund-raiser - were offered bonds of Asahi Chemical Industry and Sumitomo Metal Mining. At the time, such private offers were limited to 15 per cent of the total issue. In April they were banned alto-

The MoF is looking at three ways to replace the present pri-cing system in which offer prices are fixed by underwrit-

> The favoured plan is for investors to be invited to bid for a proportion of the shares to be sold – perhaps 20 or 30 per cent – in order to fix a price for the remainder to be sold by a public offer.

A second option is for the entire issue to be sold by auction, and a third proposal is for a modification of the present system which would oblige underwriters to take more account of the value of shares already on the market in pricþU

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ing a new issue. The Securities and Exchange Council, an advisory body to Mr Klichi Miyazswa, the Finance Minister, is to decide next Wednesday which pian it will forward to Mr Miyazawa

for final approval.

The MoF's proposals have emerged from a probe of the over-the-counter market, since

over the counter market, since Recruit Cosmos is an OTC stock. But the council is expected to consider including in the reform rules governing stock exchange listings.

The model for the semi-auction system was the initial sale in 1986 of government-held shares in Nippon Telegraph and Telephone, Japan's largest company.

BIG brings

second mine

on stream

By Kenneth Gooding,

Mining Correspondent

BOND INTERNATIONAL GOLD

(BIG), the company which

brings together most of the

gold mining interests of Australian entrepreneur Mr Alan Bond and which was launched on the New York Stock Exchange in July, has brought into operation its whollyowned Richmond Hill mine pear Lead South Dakots.

near Lead, South Dakota. The mine has the capacity to

The mine has the capacity to produce about 43,000 troy ounces of gold a year. It is the second mine BIG has brought on stream since the company was launched — the first was the Golden Patricia in Ontario, Capacita which will produce

Canada which will produce

38,000 ounces in the current

BIG also reports that proven and probable reserves at its 83

per cent owned El Indio mine

in Chile have increased by 450,000 ounces of gold to 25m

The company says its 12

mines worldwide are producing gold this financial year at an average cash operating cost of

US\$229 an onnce (assuming

copper by-products net \$1/lb

and silver by products bring in \$6.50 an ounce) and predicts

this will fall to \$215 an ounce

for each of the next two finan-

Ceat Tyres emerges

as market leader

has been raised to Rs2.75 a

share from Rs2.50.

cial years.

Judge Corp receivers warn of loss

By Dai Hayward

UNSECURED CREDITORS and the thousands of shareholders in Judge Corporation, the for-mer New Zealand stock mar-ket high-flier, are unlikely to receive any reimbursement for their losses, following the appointment of receivers this

The receiver, Mr Alan Isaac, of Peat Marwick, says any amounts available for the two main secured creditors -Bank of New Zealand and NZI - would fall well short of the large loans made to Judge Corp in the days when Mr Bruce Judge, its entrepreneur founder, was startling the market in both Australia and New Zealand with spectacular takeovers and share market

gains. BNZ and NZI put the company into receivership after 13 months of effort by a rescue team failed to provide a salvage formula. Judge Corp lost more than NZ\$400m (US\$257.9m) in the 1987 stock

The main remaining asset of Judge Corp is a 16.6 per cent holding in Kupe, a local building and investment group, which is worth about NZ\$3.5m. Other assets have been sold to reduce the size of the debentures held by BNZ and NZL

NZI said in Wellington that while progress had been made realising the assets, they now believed that placing the com-pany in receivership was the only remaining option.

NZI has already accounted for its losses in Judge Corp. It is understood that BNZ, which was rumoured to have advanced NZ\$200m, included its losses in the writedown of NZ\$100m made by the bank to cover losses arising from the crash. BNZ executives say the advances to Judge Corp were less than NZ\$200m.

The receivers will have to untangle a complicated finan-cial position, including claims from former Judge Corp direc-tors, who resigned last week, that the company does not owe BNZ anything following an agreement earlier this year between the two over the disposel of Judge Corp's stake in Artadne Australia, previously Mr Judge's Queensland-based

orporate vehicle.

The Jodge Corp directors also claimed that the amount still owing to NZI would have been reduced if it and BNZ had

agreed earlier the disposal of other Judge Corp assets. The New Zealand Stock Exchange delisted Judge Corp in October after it failed to meet a deadline for presenting its accounts.

Singapore Airlines drops hotel plan SINGAPORE AIRLINES (SIA) has dropped plans to buy a stake in the Raffles, the republic's most famous hotel, AP-DJ reports from Singapore.

started some months ago. U.S. \$150,000,000 Midland International Financial Services B.V.

the hotel, plans to expand the complex. Discussions with SIA

(Incorporated with limited liability in the Netherlands) **Guaranteed Floating** Rate Notes 1992

Guaranteed on a subordinated basis as to payment of principal, and interest by Midland Bank pic



9th December, 1986 to 9th June, 1989 the Notes will carry an interest rate of 97/16% per annum. The interest payable on the relevant interest payment data, 9th June, 1989 against Coupon No. 18 will be U.S. \$241.72 per U.S. \$5,000 Note. Agent Bank: Morgan Geranty Trust Company of New York

Strong demand for HK Telecom offer

By John Elliott in Hong Kong

HONG Telecommunications' international share placement and offer for sale has been more than 130 per cent oversub-scribed in local and UK institu-tional markets. More than 900m shares have been applied for on top of a pre-issue firm placement of 445m shares, against a total allocation of

575m units.
The entira HK\$4bn (US\$5128m) issue is for 877.5m shares, at HK\$4.55 a share. This means the 900m-plus applications received by the offer's close at midday on Wednesday for the Hong Kong allocation alone, which embraces UK institutions, exceed the size of the full com-bined offer and placement.

After satisfying the 445m firm placement obligations, only 130m shares are available to meet the 900m applications. including 116m with priority

rights from existing shareholders and employees. HK Telecom, a subsidiary of the UK's Cable and Wirel announced last night that part of the oversubscription would be catered for by 21.8m shares being clawed back from 202.5m offered in the US, and a further

shares offered outside Hong Kong. Tha launch, which was formally unveiled at the end of last week, is the biggest-ever share issue by a Hong Kong company.

10.7m clawed back from 100m

The size of the oversubscription will strengthen criticism that the issue was underpriced and too small. But the buoyant response will be seen as a boost for the colony's international financial reputation, coming just over a year after the world stock market crash temporarily closed the Hong

Petrocorp in deal over NZ synthetic fuels plant

By Dai Hayward

THE New Zealand Government is to dispose of its synthetic fuels plant to Petrocorp, the privatised energy group which is now part of Fletcher Challenge, the country's biggest

Company.

The plant, in which the Government is a partner with Mobil, has imposed a high cost on New Zealand taxpayers since its inception as one of the country's "think big" energy projects of the previous Muldoon Government. Wellington has tried to renegotiate a more favourable contract for the operation of the plant, without

The Government will pay Petrocorp NZ\$256m (US\$165.1m) to take over the plant, but Petrocorp will assuma responsibility for NZ\$350m of associated public debt. The Government says it will save NZ\$130m, including NZ\$60m in interest on the debt, by quitting the project.

Mr Bill Falconer, chief executive of Petrocorp, said the company was not getting "a golden gift." Risks were involved and Petrocorp would not have the benefit of the

The plant converts natural gas into petroleum suitable for use in motor vehicles.

In exchange for Petrocorp assuming the synfuels debt, the Government will also sell it exclusive rights to the gas in the Maul offshore natural gas field. Petrocorp already owns half the field. Fletcher Challenge paid the government NZ\$1.14bn for

Petrocorp last March.

By RC Murthy in Bombay Government's "take or pay" agreement which previously applied to output at the facil-CEAT TYRES, the flagship company of RPG Enterprises, the expanding Indian indus-trial group headed by Mr RP. Goenka, has emerged as the

country's tyre market leader with a production of 2.6m tyres last year and revenues up 15 per cent to Re3.64hn (\$244.8m) in the year to June.
Profits before depreciation and tax climbed 40 per cent to Rs410m and net profits by a third to Rs200m. The dividend



Shell Centre,

London, SE1 7NA

9th December, 1988

The "Shell" Transport and Trading Company, Public Limited Company

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

NOTICE IS HEREBY GIVEN that at the Extraordinary General Meeting of the Company held on 7th December, 1988 it was resolved to capitalise the sum of £552,417,207 being as to £136,209,799.78p the amount standing to the credit of 'Revaluation reserve - Other' and as to £416,207,407.22p part of the amount standing to the credit of 'Revaluation reserve - Investment' and to apply that sum in paying up in full new Ordinary Shares of 25p each for distribution credited as fully paid amongst existing holders of Ordinary Shares in the proportion of two such new Ordinary Shares for each Ordinary Share held.

Certificates for the new Ordinary Shares distributable in respect of holdings of registered shares will be posted on 16th December, 1988.

To enable holders of Ordinary Shares represented by Warrants to Bearer to obtain their Certificates for the new Ordinary Shares, Coupon No. 180 must be deposited on or before 10th March, 1989 at Lloyds Bank Pic, Registrar's Department, Issue Section, PO Box 1000, 11 Bishopsgate, London EC2N 3LB together with a duly completed Application Form and Listing Form, copies of which may be obtained from Lloyds Bank Plc at the aforementioned address.

If Coupon No. 180 is not so deposited together with a duly completed Application Form and Listing Form on or before 10th March, 1989, or such later date as the Board (or a duly constituted Committee thereof) may decide, the new Ordinary Shares to which the holder of a Warrant would have been entitled will be sold and the holder of such Warrant, on subsequently depositing Coupon No. 180 and duly completing such forms as the Board (or a duly constituted Committee thereof) may require, will be entitled to receive only the net proceeds of sale, after the deduction of expenses.

Coupons No. 180 deposited as aforesaid will not be returned to the depositor and no coupons bearing that number will be used for the payment of dividend. Coupon No. 181 will be the next coupon after No. 179 to be used for that purpose.

BY ORDER OF THE BOARD

V.A. Wadham Company Secretary .

DECEMBER 9 1988

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ANCE

US borrower avoids leveraged buy-out fears with poison put

A US corporate borrower managed to tap the Eurostering sector successfully with a the incorporation of a poison put option designed to protect a post of the post investors against event risk such as a highly leveraged

takeover situation.

Elsewhere, the primary market had a fairly patchy day while secondary market volume remained low in slack pre-Christmas business.

Could Select Postern Bootson Crédit Suisse First Boston led the £75m five-year deal for

a unit of global door-to-door delivery network, Federal Express, which is based in Memphis, Tennessee. The deal features an investor "event risk" put option at par if the parent company, which is the guarantor of the issue, should

guarantor of the issue, should be downgraded to a level below investment grade ratings, that is triple B or below.

Federal Express's outstanding debt issues are raised A2/A+. The put option, together with the attractive 12% per cent coupon on the deal, was the key to the success of the deal. Investors have fought shy of all bond issues by US corporate borrowers since the recent spate of highly leveraged buyouts in the US.

Borrower CANADIAN DOLLARS Fed. Bus:Dev. Bank◆

AUSTRALIAN DOLLARS

A'tralian Tele.Comm.

World Bank

D-MARKS

STERLING

NEW ZEALAND DOLLARS

Sweden∳ Dai-Ichi K.Bk Nederland∳

Fed. Express Fin.

Assoc. Newspapere\$(d) Final terms fixed on:

Smith & Nephew Fin.♥(b)♦
Dawson Int.♥(c)♦

iwataya Dept. Store**

The LBOs, often financed by massive amounts of new debt have pushed the companies gearing up to astronomical levels and led to subsequent

credit downgradings by the rat-ing agencies.

Meanwhile, existing bond holders have been forced to

stand by and watch their investments turn swiftly into quasi-junk bonds. Federal Express said the issue was not swapped but would be used to refinance existing short-term credit from UK banks and also to fund the rapid expansion the company has been experiencing in the

The so-called "poison put" is a feature many companies con-templating a debt issue are now being obliged to consider as few corporate borrowers could be expected to be well-re-ceived without the offer of some form of investor protec-

Federal Express said it had taken these investor needs into

NEW INTERNATIONAL BOND ISSUES

10118

(a)

102

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101% 100

10034 ...

**Private placement. §Convertible. •Final terms. a) Issue price to be fixed today. Fungible with A\$150m Issue launched in October. •Convertible preference shares. b) Coupon indicated 6½-9%. c) Increased from \$28m. Coupon indication 9½-6½. d) Convertible into B Ordinary shares of Reuters Holdings.

FT INTERNATIONAL BOND SERVICE

12½ (8¼)

434

| Champs | C

1994

1993

1993

Belgiom 5½ 92.... Belgiom 4½ 94... Canada 4½ 92... Elec. De Franco 5½ 94... Ireland 5½ 93...

consideration when contemplating the structure of the issue. The deal was well bid comfortably within its total fee level all day.

INTERNATIONAL CAPITAL MARKETS

The Canadian dollar sector was tapped for the third time this week when JP Morgan brought a C775m deal to the market for the Federal Business Development Bank of Canada. Shorter-dated Canadian dollar paper continues to see steady demand.

This issue matures in May 1991 and carries a coupon of 10% per cent and, while it does not carry a formal government guarantee, it is generally con-sidered to be implicit government risk. It follows UBS's successful

C\$75m issue on Wednesday for a unit of Thomson. Calculated on the basis of a long first coupon period of 16 months, the FBDB issue came at an effective initial yield margin of 14 basis points over comparable government securities.

government securities.

The 10% per cent coupon, 50 hasis points lower than that on the Thomson deal, attracted a fair amount of institutional interest, particularly in Japan where the sector has apparently come back into favour

11s/5 J.P. Morgan Secs.

13/13 Samuel Montagu

1%/14 Hambros Bank

2/14 Morgan Stanley 2/14 Morgan Stanley

1%/1¼ CSFB 2½/1½ Baring Brothers

n/a Fuji Bank (Schweiz)

Liosing prices on December 8
Change or Change of Change

Barclays, Aus. 13-2 91.AS.
Br Capital 93, 93.E.
British Airways 10 98 E.
British British 99 AS.
British Airways 10 98 E.
British British 99 AS.
British Airways 10 A.
Br

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† Only one market maker supplied a price

coupen, arrest this Boards: Denominated in dollars unless otherwise indicated. Cho. day = Change on day. Cav date = First date of conversion into shares. Cav, price = Normani amount of bond per phare expressed recurrency of share at conversion rate fixed at Issue. Prim = Percentage premium of the currenterfective price of acquiring shares via the bond over the most recent price of the shares.

Closing prices on Decembe

following the recent Canadian election victory by the Conservatives.

According to the lead manager, some 20 per cent of the issue was taken by Japanese institutions, with surprisingly strong demand also seen from the UK. The traditional sector stalwarts, German and Benehix investors reportedly took the remainder of the bonds. By the close, the deal was steadily bid at a discount of

1%, equal to its total fees while the spread had narrowed in somewhat in response to a slightly softer tone in the

Hambros pulled off some-thing of a feat yesterday by bringing the World Bank to the New Zealand dollar sector, just a day after bringing a similarly top-rated issue for Uni-

Although the sector is still fairly small, it appears to have reattracted substantial investor attention of late which dealers said helped to facilitate the accommodation of both

The name of the World Bank exerted its usual pull and the issue and was well bid comfort-ably within its total fee level

Exceptional investor demand was the trigger for Samuel Montagu to issue a further A\$50m of its novel deal launched in October for Aus-

tralian Telecom.

The deal is identical in structure to the first A\$150m issue and is fully exchangeable with the borrower's domestic bond which carries the same 12% per cent coupon and maturity. The lead manager said demand had been seen from European and UK institutions, although the first issue has also seen a fair amount of interest from

in West Germany, the mark Eurobond primary market had a fairly active day. Morgan Stanley in Frankfurt brought two issues.

The mandate for the DM200m deal for Sweden was won following competitive bidding and the same lead manager also brought a DM300m five-year deal for a unit of Dai-Ichi Kangyo Bank, Both deals were reportedly

syndicated swiftly. They both carry prime credit ratings. Nevertheless, dealers at other houses noted that terms on both issues were slightly on the tight side.

Some said they would have welcomed a lower issue price on the Dai-Ichi Kangyo and a slightly higher coupon for Sweden, however, the five-year

maturity was popular.

The lead manager quoted both deals bid at discounts of 2, equal to their total fee level, excluding hating fees. marginally outside this level were heard elsewhere in the

Associated issues \$60m Eurobond By Norma Cohen

ASSOCIATED Newspapers Holdings became the latest borrower to finance sharehold-ings in another company by issuing convertible debt.

Associated Newspapers, now owned by Daily Mail and Generai Investments, issued a \$60m Eurobond due 2006 which will be convertible into shares of Reuters at an expected pre-

mium of 15 per cent.

However, Associated has reserved for itself the right to pay investors a cash sum equal to the value of the Reuters shares. Reuters shares are cur-

rently at 466p.

The bonds will carry a coupon of 8.25 per cent, below the rate on comparable maturity UK government bonds and well below the rate Associated Newspapers would likely have to pay on a conventional Euro-bond.

Associated Newspapars holds about 21.8m Reuters class B ordinary shares, 4.3m of which are set aside as security for an existing £50m 6 per cent exchangeable bond. If the new Eurobonds are converted fully, they will reduce the com-pany's holdings in Reuters by about 11m shares.

Co-op enters market for syndicated loans By David Lascelles.

Banking Editor

THE Co-operative Bank has entered the syndicated loan market for the first time as sole lead manager with a 250m revolving facility for the Town and Country Building Society. The five-year loan was placed with a group of European banks.

Mr Jim Barge, a director of the bank, said the Co-op Bank expected to be able to use its extensive connections with the local authority and building society markets to expand its syndicated lending business.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

8th December, 1988

NISSHO IWAI CORPORATION

U.S.\$300,000,000 4½ per cent. Bonds due 1992

Warrants

to subscribe for shares of common stock of Nissho Iwai Corporation

Issue Price 100 per cent.

Nomura International Limited

Sanwa International Limited **Kleinwort Benson Limited**

DKB International Limited Morgan Stanley International The Nikko Securities Co., (Europe) Ltd.

Bank of Tokyo Capital Markets Group Nippon Kangyo Kakumaru (Europe) Limited **IBJ International Limited** Barclays de Zoete Wedd Limited **BNP Capital Markets Limited County NatWest Limited Credit Suisse First Boston Limited Deutsche Bank Capital Markets Limited Goldman Sachs International Limited** Merrill Lynch International & Co. Salomon Brothers International Limited

SBCI Swiss Bank Corporation Investment banking J. Henry Schroder Wagg & Co. Limited Shearson Lehman Hutton International **Towa International Limited**

Cosmo Securities (Europe) Limited Yamaichi International (Europe) Limited **Banque Indosnez** Baring Brothers & Co., Limited Citicorp Investment Bank Limited

Crédit Lyonnais Daiwa Bank (Capital Management) Limited Robert Fleming & Co. Limited **KOKUSAI Europe Limited** Okasan International (Europe) Limited Sanyo International Limited Taiyo Kobe International Limited **Toyo Trust International Limited** Yamatane Securities (Europe) Ltd.

TATE & LYLE PLC
(Incorporated with Eimited liability in England and Wales)

US\$100,000,000 95% NOTES DUE 1992

Issue Price: 1014%

BARCLAYS de ZOETE WEDD

Banque Britzelles Lambert S.A.

Lloyds Bank Pic

PiMorgan Securities Ltd.

Morgan Stanley International

SBCI Swiss Bank Corporation Investment Banking

Algement Bank Nederland N.V.

Deutsche Bank Capital Markets Limited

Bank of America International Limited

James Capel & Co.

Merrill Lynch Poternational & Co.

Nomura International Limited

Security Pacific Floure Govett Limited

Summomo rinance International

Webs Gundystne

Banca del Gettardo **Bankers Trust International Limited**

Commerzbank Aktiengesellschaft

BNP Capital Markets Limited

Kredietbank International Group

The Nikko Securities Co., (Europe) Ltd.

Salomon Brothers International Limited

Shearson Lehman Hutton International

Westdeutsche Landesbank Girozentrale

Julius Baer International Limited

Compagnie de Banque et d'Investissements, CBI



December, 1968.

BARCLAYS de ZOETE WEDD

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Royal Iosurance 519 92.
Soc Cent Nuclear 74, 95.
Turkey 519 95.
Westib, Finance 5 93.
World BK, 614 97.
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SWISS FRANC

INTERNATIONAL CAPITAL MARKETS

Post office saved from liberalisation

Stefan Wagstyl reports on an expected rebuff for Japan's powerful Finance Ministry

he forces of financial liberalisation in Japan have failed to storm the conservative citadels of the Ministry of Posts and Telecommunications, guardian of the country's Y120 (\$981bn) trillion postal savings system.

After two years of trying, the

reform-minded Ministry of Finance is about to abandon its efforts to persuade the post office to expose itself to free competition with commercial

The post office will maintain virtually intact e system which pays artificially high interest rates on about one-fifth of Japan's total personal savings.
The Finance Ministry, rivalled in prestige in Tokyo only by the Ministry of International Trade and Industry, is expected to admit defeat by the end of the year. A senior Finance Ministry official said this week: "We have decided that at this time it is impossi-

ble to make significant changes in postal savings." The long-running fend between the ministries high-lights the strengths and weaknesses of Japanese-style policy-making hy consensus. In theory, consensus should produce a smooth flow of policies in which it is impossible to see where the contribution of one man stops and the next one's begins. In practice, it often does. But occasionally the competing claims of different rested interests result in an unbreakable deadlock. The

By Katherine Campbell

THE CHICAGO Board of Trade

has announced an 11.9 per cent

increase in the year to date volumes on the same period for

1987. So far this year, 132,766,558 contracts have changed hands on the CBOT.

The November figures high-light increased activity in the five-year Treasury note future,

Total volume for the month

stood at 97,142 contracts, which

represented a 77.2 per cent increase on October. Open

interest achieved a record

making headway in wresting business from the similar New

The CBOT appears to be

30,638 lots on November 30:

launched last May.

the status quo.
At issue is the deregulation

of small deposits, one of the few remaining unreformed fields in Japan's financial mar-kets. Earlier this year, the Finance Ministry secured the abolition of special tax breaks on small accounts - a system called maruyu - in what it hoped was a preliminary step towards deregulation. Now, the ministry wants to scrap controls on interest rates on these deposits so that banks and others can offer market-related rates as they already do on

large deposits.
The Ministry of Posts is happy for deregulation to go ahead, as long as it applies only to commercial banks. It insists it should be allowed to continue paying above-market rates on its highly-popular 10-year deposit accounts called teigaku. The Finance Ministry's answer is that liberalisa-tion cannot work unless tei-

gaku accounts are included. The likely compromise, expected to be announced by the end of the year, will leave the terms of *teigaku* accounts intact, except for setting a celling on the maximum difference between the rates the post office can pay and those paid by commercial banks. Separately, the Finance Ministry will lower from Y10m to Y3m the minimum amount that can be deposited in a Money Mar-ket Certificate — a bank

account where market rates of

York-based contract, which was launched last year on Finex, the financial instru-

ments division of the New York Cotton Exchange. At the end of November, open interest on "Fighter," the Finex prod-uct, was barely half the Chi-

Mr Thomas Bohnen at Dis

count Corporation of New York in Chicago noted that the Chi-cago exchange often offered

better prices and greater

market between the five-year, and the neighbouring 10-year

and 30-year bond futures, as

well as against the municipal bond futures," be said.

FT-ACTUARIES SHARE INDICES

There is an active spread

cago number.

liquidity.

CBOT volumes rise 11%

result is usually the triumph of the status quo.

BALANCE OF POSTAL SAVINGS (YEN) March '84 March '85 March '86 110.395 March '87 March '88 November '88

> interest are paid. The Finance Ministry has long been one of the strongest supporters of financial deregulation, partly out of principle and partly in response to pres-sure from the US and other western countries. Liberalisa-tion started with decisions which had the greatest impact on large institutional inves-tors, but the intention from the

> The Bank of Japan, the central bank, supports the ministry's plans. So do commercial banks, which see deregulation as e chance to attack the post office's huge deposits. But the post office also has friends in high places, espe-cially in the ranks of the ruling

beginning was to deregulate

Liberal Democratic Party. Among the party's staunchest supporters are small business-men and shopkeepers, including many of the managers of the nation's 23,000 post offices. The Finance Ministry might yet have got its way, if only because the banks also wield great influence in the LDP, as the largest contributors to its

funds. But the ministry's case

Sweden waives

to these brokers too from January 1, but Mr Vigg Troedsson, Brokers' Association director,

said the tax anthorities had

decided brokers should be

exempt if they matched a buyer and seller within three days.

was undermined by opposition cial. "They don't like that." from another quarter -Japan's 4,000 agricultural cooperatives, which collect deposits from farmers, lend some of the money back to the farming community and invest the rest through agricultural banks.

The co-operatives and the agricultural banks have consistently tried to block the planned reduction of minimum allowable money market deposit. They fear their mar-gins will be squeezed if they have to pay out higher rates to their customers. The ministry knows this but wants the co-operatives to be rationalised. "There are far too many of them, says the Finance Minis-

The ministry has forced the agricultural co-operatives to accept its proposed reduction. But this battle with the agri-cultural finance bodies which also have many friends in high places in the ruling party - left it fatally weakparty - left it fatally weak-ened in the fight with the post

The Finance Ministry has judged that it could not force its will on the post office with-out appealing to the Cabinet. But with different groups in the ruling party siding with the banks, the post office and the farmers, the Cabinet would make by the property of the banks. probably have pushed the buck straight back to the bureaucrats. "The politicians would have been embarrassed," says a senior Finance Ministry offi-

So the Finance Ministry has withdrawn to fight another day. Its main consolation is that the row has prompted discussion of the possible privati-sation of post office savings. The post office pays attractive rates to depositors because, as a public body, it does not need to pay tax, stamp duty or dividends. The Finance Ministry calculates this is worth up to 0.5 per cent on the rates the post office can pay depositors.

Moreover, the post office has had to give little attention to costs and margins. In the year to last March, postal savings were run at e a deficit of Y185bn. This year, it could be as high as Y269bn, according to the Government's Endget. Banks point out that, with 23,000 outlets, the post office cannot possibly be run profit-ably. Dai Ichi Kangyo Bank, the largest bank, has 300. However, any suggestion that post offices should try to

increase margins by expanding services sends the banks run-They protested earlier this year at an offer by Citicorp, the US bank, to handle interna-

tional fund transfers on the post office's behalf - thereby

circumventing Japanese banks. The irony is that, while the unreformed post office is the butt of the commercial banks' ridicule, a liberalised post office might one day be their

Taiwan row over TDRs

tax on brokers STOCKBROKERS in Sweden officials have expressed their dealing on their own account disagreement with a proposal by the Taiwan Securities and Exchange Commission to issue Taiwan Depositary Receipts on the Taiwan Stock Exchange, AP-DJ reports from Taipel. will not have to pay the new turnover tax if they complete a transaction within three days, Reuters reports from Stock-

Since 1986, a 2 per cent tax has been levied on deals on the In a statement to the SEC, the Central Bank said it was not the "proper time" to intro-duce TDRs to local investors Stockholm bourse, except for those executed by brokers dealand suggested that the project be suspended. ing on their own account. That tax was to be extended

Bank officials declined to give details. TDRs, modelled after American Depositary Receipts (ADRs), are certificates for for-eign stocks issued in Taiwan. TDR issuance was aimed at relieving overdemand in the

TAIWANESE Central Bank Taiwanese market in order to prevent share prices from surg-

> The Taiwanese Government does not allow foreign stocks to be listed directly on the island's local stock exchange. But, in response to US requests to open securities markets wider, the SEC planned to issue TDRs first, then introduce ADRs later.

The SEC's proposal might be suspended as a result of the Central Bank's dissension. But Ms Shirley Kno, the Finance Minister, said she unsettle gilts enough to knock prices off up to % point was the fact that November sales would discuss the problem with Mr Chang Chi-cheng, the Central Bank Governor, to open the way for issuance of had been buoyant, and that retailers expected this cheer to continue into December.

Choppy session for US in wake of short covering

BONDS

US TREASURY bonds came in for some profit-taking yester-day as the short-covering rally earlier this week ran out of steam and the distraction of Mr Mikhail Gorbachev's Soviet arms reduction offer faded as a factor in the market.

It was a choppy session, with cash bond prices following movements in the dollar and the March bond futures contract on the Chicago Board of

The market looked fairly robust during the morning and managed to come back from early losses of around % point to trade narrowly mixed at Prices derived some techni-

cal support from a rebound in the March bond contract on the Chicago Board of Trade, which was quoted at 89.10 at noon, compared with an earlier low of 88.28. However, prices started slip-

ping again in early afternoon trading, partly reflecting a con-tinued slide in the dollar which slumped to lows of Y122.15 and DM1.7340.

In early afternoon dealings, short-dated bonds were quoted as much as % point lower once again, and long-dated maturities were down around % point. The Treasury's benchmark long bond was quoted % point lower, for a yield of 8.98

As this week draws to a close, traders are likely to begin focusing on an eventful time next week, which sees the meeting of the Federal Open Market Committee and a num-ber of important economic releases, including retail sales and producer prices for November and the October trade report.

THE primary influence on a ethargic gilts market was the Confederation of British Industry's survey on British retail-GERMANY ing sentiment. It surprised nobody that sales were expected to slow next year as higher interest rates dampened consumer spending. What did

Lacking concrete news, the market toyed for a while in the afternoon with the rumour of

the resignation of Mr Nigel GOVERNMENT

Lawson, the British Chancellor of the Exchequer, until it was furnly denied by the Treasury. Gilts failed to dignify the rumour, or the Chancellor, with much response, although the short sterling contract on Liffe fell two ticks. Some market participants felt thet, gainst the background of high interest rates and a firm exchange rate, his departure might make less of a difference than it would have done earlier

Japan briefly into the market with a small \$50m purchase. The No.105 benchmark bond

MEANWHILE, the resignation MEANWHILE, the resignation of Japan's beleaguered finance minister, Mr Kiichi Miyazawa, which began to look increasingly imminent during the day in London as news of his faction meeting seeped out, had little effect on the market. If he does go it seemed unlikely does go, it seemed unlikely that policies will change much. Bonds edged up during the Tokyo day, despite higher short-term rates, boosted par-ticularly when the dollar dipped below Y123. The dollar's weakness brought the Bank of

THE Danish market was calmer yesterday, after a choppy week. The key bond, which began the week et 95.87, hit a high of 98.70 on Wednesday in voletile trading conditions. Yesterday saw some initial confusion at the opening following overnight weakness in the US, but the bond traded up to 98% during the day to stabilise at around 98. Earlier in the week traders had noticed strong interest from abroad, which was not bowever forth-coming yesterday. Danish banks were reported to have been moderete buyers. The market now awaits the out-

come of 1989 budget talks

between the minority govern-

Technical Date/ATLAS Price Sources

WHILE the Bank of Japan was

buying dollars, the Bundes-bank's intervention later in the

day at the Frankfurt fixing was

a sell order, which confused government bond traders. The

central bank sold \$31.6m when

the dollar was fixed up et DM 1.7504. Bunds opened the day

lower on profit taking after yesterday's rally in pursuit of the US market. But the Ger-

man reaction was more sober.

both on the way up and the

gradient in the

-5 110 110

2.5

and lawer. A Contraction But But

way down.

closed firmer, to yield 4.48 per ment and the opposition. BENCHMARK GOVERNMENT BONDS Price Change Yield US TREASURY 8.875 6.750 B/98 101.7500 -0.275 6.52 6.44 6.38 FRANCE BTAN 8.000 OAT 8.500 10/93 97.9777 -0,038 8.51 6/98 105.0750 +0,075 8.67 10.250 12/98 101,5000 -0,250 10.01 10.05 10.05 NETHERLANDS 6.7500 10/96 101,7000 -0,250 6.58 6.53 6.39 12.500 1/98 100.4212 -0.103 12.42 12.53 11.90 London closing, "denotes New York morning session Month ago yields on US Treasury apply to the 9.230 of '98 and the 9.125 of 2018 Yields: Local market standard Prices: US, UK in 32nds., others in decimal

LONDON MARKET STATISTICS

	EQUITY GROUPS	1	hersda	y Dec	West Dec 7	Tre Dec 6	Mon Dec 5	Year ago tapprox			
Fig	& SUB-SECTIONS ures in parentheses show number of stocks per section	Index No.	Day's Change	Est Earnings Yiekt% (Max.)	Gross Olv. Yield% (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1988 to date	ladex No.	Index No.	Index No.	ladex No.
	CAPITAL GOODS (209)	769.35	14	12.17	4.65	10.07	24.06	772.KG	769.43	765.57	647.3
2	Building Materials (28)	919.76	-2.0	13,73	4.92	8.57	29.21	938.18	935.48	933.06	819.7
ગા	Contracting Construction (39)	17422 09	-1.3	13.68	4.26	9.53	46.94	1447.44		1/37.29	1288.4
4	Electricals (10)	. 2270.26	-2.1	7.54	4.97	12.64	76.55	2319.58		2311.41	1863.6
5	Electronics (30)	1698.81	-1.4	10.92	3.82	21.84	43.59	1722.19		1873.82	
6	Mechanical Engloeering (55) Metals and Metal Forming (8)	408.28	-2.1	11.43	4.57	19.49	13.59	407.02	407.19	404.89	326.9
a	Metals and Metal Forming (8)	453.01	-1.1	16.68	6.38	6.83	13.49	457.82	457.90	454.77	462.7
刉	Motors (16) Other Industrial Materials (23)	269.49	-1.9	13.02	5.19	8.87	7.80	265.58	265.79	266.84	
옉	Other Industrial Materials (23)	.1301.86	-0.9	10.26	4.75	11.52	44.22	1313.27	1384.12	1306.74	1152.9
	CONSUMER GROUP (187)		-0.9	19,32	4.11 3.95	12.15	27.94	1014.37		1415.53	955.9
2	8 rewers and Distiffers (21) Food Manufacturing (21) Food Retailing (16) Health and Household (12) Leisure (31) Packaging & Paper (17) Publishing & Printing (19) Stores (34) Textiles (16)	400 47	-0.5 -1.4	10.17	4.27	11.10	24.10	913.52	1124.78 918.61	1121.31 917.87	916.6 775.4
21	Food Decalling (16)	7730 03	-21	10.39	3.98	12.66	44.95	1776.14	1799.64	1769.89	
뀌	Health and Household (12)	1777.86	-0.7	7.60	2.85	15.07	48.69	1784.55		1777.51	1706.2
ó	Leisure (31)	1343.47	-1.2	9.13	3.83	13.97	35.06			1351.97	1021.6
il	Packaging & Paper (17)	512.83	-1.2	10.87	4.39	11.44	16.19	512.83	521.66	523.84	453.5
Ž١	Publishing & Printing (19)	3187.96	-14	7.60	4.00	13.03	186.59			3245.06	
4	Stores (34)	672.58	+0.5	12.62	5.10	10.41	23.22	669.53	679.A3	682.46	788.8
5	Textiles (16)OTHER GROUPS (92)	447.74		15.54	6.28	7.71	18.17	453.23	447.77	449.50	534.8
Ю	OTHER GROUPS (92)	880.16	-8.7	11.93	4.90	19.23	24,69	886.72	882.13	#81. 87	774.9
ц	Agencies (19)	977.62	-1.5	7.61	2.82	13.93	28,98	1912.96		1025.04	924.2
2	Chemicals (22)		-8.4	12.74	5.27	9.43	42.34	1003.76	996.43	999.84	977.6
3	Conglomerates (12)	1271-10	-14	11.90	5.77	9.78	25.26	1251.64	1237.86	1237.74	1017.9
5	Telephone Meturoeks (2)	902 OF	-0.7 -0.8	12.23	5.12 4.73	10.68	62,48	1843.46		1851.57	
è	Telephone Networks (2)	7150 43	-	12.53	477	11.00	20,38 40,53	1901.89	998.16	991.34 1147.53	826.4
9	INDUSTRIAL GROUP (488)	921.42	-1.0	11.24	4.48	18.96	26.67	931.02	729.52	927.84	833.5
	QII & Gas (12)		-0.5	10.86	6.56	11.78				1694.37	1584.7
9	500 SHARE INDEX (500)	. 987.80	-1.0	11,22	4.77	11.07	38.89	997.29	995.30	992.99	897.2
1	FINANCIAL GROUP (124)	670.95	-0.8	-	5.31	_	25.49	676.64	679.68	676.32	584.6
2	Banks (8)	- 661.89	-8.7	21.42	4.55	6.26	31.13	666.24	667.40	666.65	683.6
۶Į	Banks (8)	921.62	-1.2	1 -	5.76	-	39.81	732.48	931.17	916.47	862.3
빆	insurance (Composite) (7)	505.94	-0.5		6.18		24.04	508.56	586.05	498.81	463.2
	Merchant Banks (11)	275 40	-1.0 -1.0	9.80	7.30	12.64	46.87	894.58	895.63	888.99 317.15	\$22.0 306.6
9	Property (52)	7236 46	-1.1	5.77	4.75 2.79	22.14	10.15 21.81	318.73 1244.74	320.40 1266.15	1266.83	887.7
ň	Other Financial (31)	749.3h	-0.6	10.08	5.45	12.40	14.72	351.58	352.22	352.98	348.9
Ť	Investment Trusts (74)	802 E1	-4.5	1 20.00	3.31	12.40	19.78	913.25	965.48	902.10	752.9
il	(nvestment Trusts (76)	154.0t	+8.2	31.62	3.77	10.12	15.67	553,78	553.79	553.19	
7	Overseas Traders (8)	1277.50	-1.4	9.13	4.95	12.43	44.98		1391.45		873.7
	ALL-SHARE INDEX (710)		-8.9	7.24	4.79	12.45	29.10	938.18	917.20	914.84	214.1
4	Company of Authorities	Index	Day's	Day's	Day's	Dec	Dec	Dec	Dec	Dec	Year
		No.	Change	High (a)	, very s	7	l nor	5	,	,	100

	FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	Thu Dec 8	Wed Dec 7	Year ago (approx.
	UCE DICES	Thu Dec 8	Day's change %	Wed Dec 7	xd adj. today	xd adj. 1988 to date	127	British Government Low 5 years	9.54	10.30 9,49 9.06	8.58 9.48 9.29
1 5 2 5 3 0 4 in 5 Ai 6 5	15 years ver 15 years redeemables il stocks dex-Linked years	118.09 134.66 146.37	-0.31 -0.33 -0.27 -0.25	118.41 135.31 146.92 169.98 132.59 136.53 128.07	-		10 11 12 13	25 years	2.36	10.69 9.70 9.25 18.83 9.28 9.28 8.91 3.44 3.69 3.52	9.22 9.65 9.54 9.29 9.81 9.55 9.03 2.74 3.84 3.91
_	i stocks Nestures & Leans	127.75 116.92		128.05 116.91	-	2.85 11.28	15	Inflation rate 10% Over 5 yrs. Delis & 5 years	3.54 11.38 11.12 10.86	11.37 11.12 10.86	10.80 10.82 10.83
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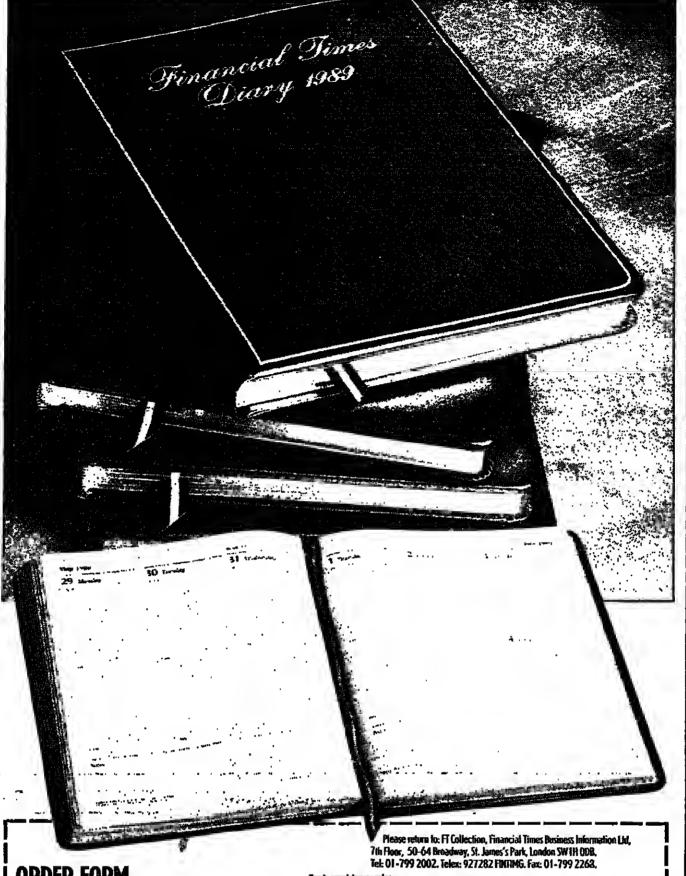


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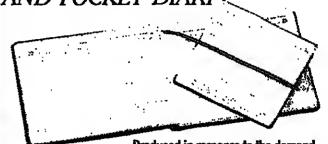
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A TRADITION OF EXCELLENCE FT Business Information Ltd, Registered Office, Bracken House, 10 Cannon Street. London EC4P 4BY.

Inmos recovery and restructuring help Thorn EMI to 57% growth

A MOVE into the black at its Inmos semiconductor subsidiary helped Thorn EMI, retailing and electronics group, boost pre-tax profits 57 per cent to £95.2m in the six months to

end-September. Turnover grew
4 per cent to £1.48bn.
The strong results, which
were in line with market
expectations, provided further
evidence of the financial turnround at the group since its managerial crisis in 1985. Much of the increase in prof-

itability was a reflection of the restructuring of Thorn's busi-ness during the past year, in which it has pulled out of television and telecommunications manufacturing and expanded its lighting interests. However, the company said 25 per cent of the increase in operating profits was due to organic growth.
This restructuring has had This restricturing has had two other principal effects. Thorn is now making 49 per cent of its profits overseas compared with 26 per cent a year ago, and the seasonal nature of its profitability has become less pronounced. How-ever, Mr Colin Southgate, chief

YJ Lovell exceeds

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Y.J. Lovell year's 5p.

jumped 51 per cent to £24.4m, from £16.2m, in the year ended

September 30, on turnover ahead 18 per cent to £383m.

The figures were better than

most brokers had been fore-

casting. The market's present disenchantment with house-

builders can be gauged by the fact that Lovell's share price slipped 4p to 201p yesterday. Sir Norman Wakefield, chair-

man, said fears about the UK housing market had been over-

done. The company's sales were ahead of the same stage

last year thanks to rising demand in regional markets away from south east England.

It was planned to increase output of private homes in the current year from 1,700 to

1,800. The company expected, however, to have to work

harder to maintain margins in

by Lovell in partnership with

local authorities was expected

to rise from 1,300 to 1,500.

in demand for private

The number of homes built

Sir Norman said record

orders for urban renewal work,

general contracting and com

mercial development would

more than offset any reduction

The final dividend is 5.15p

making 6.65p for the year. This

represented a 33 per cent increase over the previous

housing.

a quieter market.

forecasts with £24m

executive, said that profitability would always be weighted

towards the second half.
The turnround at Inmos, with profits of just under £3.5m (losses of £6m), has been spurred by sales of its innovative microchip, the transputer. But attempts to find a buyer for either part or all of the business have so far come to nothing.

The technology division – which also includes defence electronics, software and security - made profits of £18.2m (£8.4m). Consumer and commercial, mainly lighting, con-

mercial, mainly lighting, contributed £11.2m (£7.6m).

The music division's profits also grew strongly to £11.6m (£2.2m), with the US operations making a profit for the first time in three years. The growth was largely the result of investment in regard divisions. The company's largest divi-sion, rental and retail, made £64.6m (£57.3m). When the acquisition of Rent-a-center, a US rental operation, is stripped out, profits in the UK declined. However, the number of TVs and videos rented in the UK

Lovell is one of the few house-builders not to have had its

profits forecast for 1989 down-

graded as a result of the recent

one percentage point rise in interest rates. The company's defensive qualities lie in its

extremely conservative accounting policies which allow it to store up profits in

good years against leaner times ahead. On this basis it

has managed to show an

increase in pre-tax profits for every one of the last 14 years. A large land bank in the books at historically low values gives

the company lots of room for

manocuvre on margins should things get nasty in the housing market. It also has flexibility over when it takes its profits

from contracting which is beginning to show better mar-gins. The pipeline for commer-

cial development similarly

some of the group's investment

properties increases the flexi-bility to unlock unrealised

value if times get hard. A pro-

spective p/e of around 6.5 on

profits of aproaching £28m this

than many housebuilders but still does not fully reflect the

strength of Lovell's defensive

ar provides a better rating

increased for the first time in five years.

Attributable profits were £55.1m (£31.1m), giving fully diluted earnings per share of 19.7p (13.9p). The directors have declared an interim dividend of 7.5p (6p).

The sharp improvement in profitability at the Immos semi-conductor operation and at the EMI music business will certainly be gratifying to Thorn EMT's shareholders. However, the retail and rental division—which acrounts for 51 per cent which accounts for 61 per cent of profits — will continue to determine whether the shares are a good investment. In this area, performance is rather mixed with UK profits dipping, although results have been depressed by investment in new equipment. Against this, there are signs that the rental market is picking np and Than could get a further filling from renting satellite TV decoders and cordless telephones - both new markets where consumers may be so



Sir Graham Wilkins:

fer to rent than buy. There is also an outside chance of its joint venture with GEC winning a licence to offer cordless phone services. Given these possibilities and prospective full-year earnings of 63p a share, last night's closing price of 619p would not seem expen-

British Investment Trust to merge with EFM

By David Waller

EDINBURGH FUND Managers, Scottish fund management group, made itself invulnerable group, make usen invulnerane to a hostile takeover bid yester-day when it announced details of an agreed offer from British Investment Trust, an Edin-burgh-based trust 85 per cent owned by the National Coal Poard Pension Funds.

Mr Angus Grossart, EFM's chairman, said the merger of EFM (with funds of £700m under management) with BIT (with £600m) was motivated by a desire to create a stronger, more effective Scottish fund management group. He con-ceded the sector was under threat, but said that was not the main reason for the deal. EFM has been widely thought to be a takeover target

following a series of well-publi-cised problems. In June, it lost a battle to continue to manage the £126m Crescent Japan investment trust and is now fighting Mr Robert Maxwell's London and Bishopsgate HoldNew Tokyo Investment Trust. The bid gives ultimate con-trol of EFM to the Coal Board and is so structured as to be a fait accompli, having the back-ing of American Trust, EFM's largest shareholder.
BIT will be issued with new

EFM shares representing 18.9 per cent of the enlarged equity in exchange for taking on board the contracts to manage BIT's \$600m of funds. Then BIT will make a cash offer of 185p to all EFM's shareholders. American Trust - which is itself managed by EFM - will accept the offer to the extent that its holding in EFM falls from 54 per cent to below 20 per cent of the enlarged equity. This gives BIT control of

The offer is pitched at a 5 per cent premium to the opening price of 176p yesterday and val-ues EFM at £36m. The shares rose to 196p, 11p above the value of the offer.

BOARD MEETINGS

industrial products division via buy-out

By Nikki Tait

EVERED HOLDINGS, the EVERED ROLDINGS, the industrial and building products group headed by the Abdullah brothers, amounced yesterday that it was divesting the bulk of its industrial products. ucts division via a manage-

ment buy-out.

Evered said that the company, which moved into the quarry business through its £100m bid for London & Northern in 1987, simed to be 100 per cent concentrated on 100 per cent concentrated on building products by the end

The assets being sold com-prise the industrial sub-division (five operating compa-nies), the metal-forming business and the consumer products division — which has interests ranging from furni-

interests ranging from furni-ture castors to garden accesso-ries. In 1987, the businesses contributed aggregated pre-tax profits of £6.2m.

The businesses are being sold to EIP Group, which is being funded by a mixture of equity redeemable preference shares, subordinated loan notes and debt finance. The equity element is spread between Evered itself (which will retain a 20 per cent hold-ing in the company), the man-agement, and a group of over-sess investors.

The overseas investor ele-ment has been put together by Mr Ahmed Abdullah, a brother of Mr Raschid and Mr Osman Abdullah, who head Evered itself. Mr Ahmed Abdullah is taking an equity stake in EIP and is expected to join the company's board. Evered said that it expected

to receive a total of approxi-mately £54.5m for the husi-nesses. Of this, £41.4m will come in cash; a further £10m in zero coapon subordinated loan notes; £600,000 in ordi-nary shares; and EIP will assume around £2m of net

bank debt in the business. Samuel Montagu, Evered's adviser, has agreed to find purchasers for the subordinated loan notes (subject to recourse to Evered in certain circumstances). Evered also retains some freehold proper-ties, plus its polymers busi-ness and the Tactico subsid-- all of which are likely

The company has already made a number of acquisitions on the building products side since the London & Northern deal, and yesterday announced two small UK bnys - W. Crowther, concrete brickmaker, for £4.7m, and Wroot Road Sand & Gravel Quarry for £693,000. Further purms likely, with the

Evered sells | Impact of postal strike holds GUS rise to 5% at £158m

By Maggle Urry

GREAT UNIVERSAL Stores. retail, property and finance group, yesterday announced a 5 per cent rise in pre-tax profits from its trading activities to £158m in the six months to end-September. Turnover rose

4.4 per cent to £1.22bn.
Mr Harold Bowman, deputy
chairman, said he felt the results were good given the postal strike which hit the group's mail order side in September. More than half the group's business is in home shopping. He said the effects of the strike would continue to be

felt in the second half.
Including realised profits
from property sales of £4.9m,
unchanged from the previous
year, pre-tax profits amounted to £162.9m (£155.4m). Home shopping and other retailing activities contributed

56.3 per cent of group profits after tax, down from 60.3 per cent last time. As well as the postal strike difficulties, the sale of the Lennards shoe shops and the 23 per cent stake

in Harris Queensway also depressed these profits. There was a \$30m extraordinary profit on the sale of the Queen-

GUS said it would continue its programme of investing in home shopping, further to develop telephone ordering. giro payment facilities and its own delivery service. All these should reduce the dependence on the Post Office.

Other activities all increased their share of profits. Con-sumer and corporate finance, sumer and corporate mance, business information and investment income made 24.1 per cent (22.1 per cent) of post-tax profits. Property chipped in 12.4 per cent (10.9 per cent), and Burberrys 7.2 per cent (6.7 per cent)

and Burberrys 7.2 per cent (6.7 per cent).

GUS also announced an agreement with Wimpey, construction group, to redevelop some of GUS's properties. Each development will be agreed on an individual basis, with Wimpey taking an equity stake in the joint developments.

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise states

"Equivalent after allowing for scrip issue. On capital increased by rights and/or acquisition issues. §USM stock. §\$Unquoted stock. •Third

11

Current Date of ponding payment payment dividend

The interim dividend is raised ip to lop and earnings per share (excluding realised property profits) were 3.4 per cent up at 41.1p.

COMMENT

GUS's solidity in the tough times retailing is facing is well understood by investors, even if the details of its profit performance are sometimes a lit-tle obscure. The company is pressing ahead with plans to get authorisation to buy up to 15 per cent of its shares, which should underpin the share price, even if the power is never used. And there is also the comfort that net assets are now worth more than the A share price, and likely to be over £10 a share by the year end. The dividend increase is an encouraging sign, and profits ought to top £400m (£375.4m) for the year. A prospective p/e under 9, with the shares down 10p at 938p, does not promise excitement — but who wants that these days?

Low take-up for Iceland bid

By Philip Coggan

Alexander (Watt)int

Archer (AJ) _____fin Berislord (S&W) ___fin

market. &Carries scrip option.

ICELAND Frozen Foods yesterday revealed that it had valid acceptances in respect of 6.33 per cent of the equity of Bejam, the rival frozen foods retailer, for which it is making a £340m hid.

In addition, Iceland has yet-to-be-validated acceptances in respect of 0.27 per cent and owns a further 0.6 per cent. Bejam yesterday, continued

to reject the Iceland offer and appears to have a good chance of escaping. A block of share-holders, mainly the founding Apthorp family, which owns a 30 per cent stake, is rejecting the offer.

Bejam's share price, which yesterday fell 3p to 152p, is well below the value of the Iceland offer. The all share offer values each Bejam share at

Total for year

Total tast year

189p; the partial cash alterna-tive values each share at 182p. When the market price lags behind the offer price, it is normally a sign that traders think the offer is going to fail.

Analysts think that an increased offer from Iceland would have won the day. How-

ever, last week, Iceland decided to declare its first offer final and add a cash alternative.

Banner buys a further 1m Avdel shares By Nikki Tait

Banner Industries, the US group which is waging a £102m bld battle for the UK fasteners group, Avdel, yester-day announced that it had acquired a further 1m shares in its target.

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Since the hid was announced, the Avdel share price has generally remained above the 80p-a-share cash

However, the hidder successfully bought 700,000 shares forther 300,000 later on at the bld price.

Banner has already acquired an option over the 26.4 per cent of the Avdel voting rights amassed by Suter, and owns a smaller amount of shares directly. Taken with the acceptances announced at the second closing date, Banner now reckons to control 33.31 per cent of Avdel's shares.

Record first half results for THORN EMI.

Pre-tax Profit increased by 57% to £95.2m

Earnings Per Share increased by 45% to 19.9p

Interim Dividend increased by 25% to 7.5p In the six months to 30 September 1988, profit before taxation grew by 57% to £95.2m from £60.7m in the same period last year, on a turnover of £1,480.1m (£1,421.1m). Earnings per Ordinary Share rose to 19.9p from 13.7p an increase of 45%.

The Directors have declared an interim dividend of 7.5p (6.0p), an increase of 25%, payable on 3 March 1989 to Ordinary Shareholders on the Register at close of business on 22 December 1988. Ordinary Shareholders will be given the opportunity to participate in a scrip dividend option.

In his Interim statement to Shareholders. Sir Graham Wilkins, Chairman, comments:

"I am pleased to report the best first half year results ever achieved by your Company. Our mainstream businesses have performed well. Although the rate of their progress has varied, they have all demonstrated their underlying strengths. Highlights have included a bouyant performance by Lighting; the recovery and improving levels of profit at INMOS; a sustained advance by Rent-A-Center in the USA; and a substantial increase in the profitability of Music.

"Consistent with our strategy, the focus on building the international competitiveness of our core businesses is being maintained through high levels of investment, organic growth and targeted acquisition. Approximately half our profit now derives from our overseas operations.

"The global capability of our Lighting business has been strengthened by the purchase of Holophane in France and of the lighting group of Howard Smith Industries in Australia, in September and November respectively. The profitability of our International Rental operations has been further enhanced through the purchase in September of two additional businesses - in Hong Kong and Australia.

"In July our Software business extended its product

range and geographic coverage in the financial services sector by acquisitions in the USA and West Germany. Similarly, in June, Kidde Automated Systems was added in the USA to give our Security business an important foothold in the electronic security systems market in North America. Whilst these activities had no significant impact on our profit in the first half, they are of major strategic importance to our future."

The Chairman concluded his remarks by telling Shareholders that the second half of the year had started well and that the Company's financial position remained



THORN EMI plc, 4 Tenterden Street, Hanover Square, London WIA 2AY.

UK COMPANY NEWS

Platinum price fall limits JM

By Kenneth Gooding, Mining Correspondent

MR EUGENE ANDERSON. chief executive of Johnson chief executive of Johnson Matthey, precious metals group, yesterday dropped a broad hint that his company was unlikely to be caught up immediately in the significant management and policy changes at its major share-holder, Charter Consolidated.

A recent boardroom

CEMBER 9 1983

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A recent boardroom shake-np at Charter, which controls 38 per cent of Johnson Matthey, saw the arrival of Sir Michael Edwardes as chair-man. He is also chief executive of Minorco, Luxembourg investment company, which has a 36 per cent stake in Char-

Mr Anderson said he and the Johnson Matthey board had had an amicable lunch meeting with Sir Michael, were very satisfied with the answers he gave to several pertinent ques-tions and "he assured us of

CHRYSALIS GROUP yesterday

reported a sharp fall in pre-tax profits to £1.81m in the 14 months to August 31 and a 60

per cent cut to 2p in its final dividend. A downturn from the previous year's £7.26m had

been forecast by Mr Chris Wright, chairman, in July. Mr Wright said no decision

had been taken on whether to

take the company private. "It was still one option" he said. Chrysalis joined the market

three years ago via an offer which ended up mainly in the

The main problem last year for the entertainment and lei-

sure group was the US records

division which lost \$7m (£3.8m), compared with a \$1m loss in the previous year. The US business had suffered from lower than anticipated sales,

hands of the underwriters.

Charter's continuing support of Johnson Matthey, its strategy and its management."

was a satisfactory performance in view of the sterling price of egy and its management." As for the Cookson Group, which in July bought a 6.3 per cent shareholding in Johnson Matthey, Mr Anderson said there had been no attempts by either company to make contact. "They appear to have been totally silent as to their

Mr Anderson pointed out that Cookson's holding was sufficient to prevent the suc-cess of a bid by Charter for

Johnson Matthey. He was speaking after Johnson Matthey announced a 3 per cent increase in pre-tax profit for the six months to September 30, from £30.5m to £31.5m. Earnings per share slipped from 13.7p to 13.4p basic. The company is to pay an interim dividend maintained at 2.5p. Mr Anderson suggested this

whilst the company had con-

tinued to incur high costs.

Mr Joe Kiener has been

recently appointed to assess the US operation and he is the

midst of his review. He expects

to present proposals for the restructure of the business in

two months time. The poor performance in the US has con-

tinued into the current

Two other factors prompted the shortfall. Max Headroom,

the computer-generated pre-senter made no contribution, having added £1.4m in the year

to June 30 1987. And the prop-

erty division only broke even, having brought in £1.6m last

Most of the other businesses performed well with the UK

and European record operations performing ahead of

Chrysalis at £1.8m after setback in US

in view of the sterling price of platinum being 15 per cent lower than in last year's first half and the dollar was 7 per cent weaker against sterling.
There would to be a further major rationalisation move in the second half which would

cost about £15m but would be self-financing, he said. Turnover in the half year was £664.6m (£626m), operating profit was £32.2m (£31.1m) and retained profit, after extraordinary debits of £1.8m (£1.8m) came out at £21.6m (£20.8m). Net money and metal borrowings at the end of the period were £52.5m (£78.2m).

The latest results show that Johnson Matthey has now absorbed the major benefits of the restructuring which has transformed the company over

Group turnover was £117m (£105.77m). After tax of £1.26m

(£2.39m) and minority interests of £141,000 (£228,000), earnings

per 10p share were 91 per cent

lower at 1.46p (17.08p). The final dividend is being cut from

5p to 2p, making a total of 4p

(7p). Shareholders are being given

the option of receiving the divi-

dend in the form of scrip shares. Mr Wright will be elect-ing for the scrip alternative in

respect of his own 12.01m

Those investors who shunned

Chrysalis' flotation three years

ago have proved pretty perceptive. The shares, after yester-

day's 4p fall to 103p, are little more than half their offer

the past three years. Two thirds of the business is still platinum based so the price of that precious metal - and converting the US dollar price back to sterling - is now paramount. Platinum averaged £307 an ounce in the first half against £361 in the same months last year. But in Octo-ber and November the price was 10 per cent above the £284 in last year's second half. So analysts are predicting £65m to £86m for the full year against £60.6m before tax last time The share price still contains some element of hope that Johnson Matthey will be bid for as Minorco and Charter sort themselves out. However, a bid seems unlikely in view of possible platinum monopoly

implications but some believe

the company's drive into new

technology is worth the pre-

price. Artists are temperamen-

tal and the record buying pub-lic is fickle; it is accordingly hard for a small company like

Chrysalis to avoid the occa-

sional lean year. However, whilst one can have sympathy

for Chrysalis, it is harder to be enthusiastic about its pros-pects. Short of slashing costs

drastically (which would effec-

tively mean withdrawal from

the market), or hiring Bruce Springsteen, it is difficult to

see how a turnround in the US

can be achieved in the short

term. So, for a swift upturn in profits, shareholders will have to rely on the TV operations

(another extremely competitive

business) or a surprise hit from

the group's roster of middleranking artists. The shares are only for the brave, or for fans

Greycoat up 66% but slowdown torecast

GREYCOAT, the property group which has spiced its tra-ditional property investment status with a big development programme, produced half-year profits up 66 per cent yes-terday, to £10.49m before tax for the period to September 30. But it went on to forecast a slightly lower figure for the second six months.

ncreased to £1.34m (£1.07m)

pared with investment proper-ties valued at £271m in the March 31 1988 halance

The group's financing poli-

Mr Guignard emphasised, however, that the group had most of its borrowing tied down on a fixed rate basis, and that it was not exposed to the floating rates which have worried stockbrokers since they started their rapid climb in Angust.

Total income rose to £12.57m (£8.47m) while finance expenses fell to £1.48m (£1.67m). Administration costs and there was a share of profits of associated companies totalling £742,000 (£600,000).

totalling £742,000 (£800,000).

After tax of £1.05m (£500,000) earnings per share worked through at 10.9p (7.8p). The interim dividend is raised to 2p (1.6p).

Mr Richard Guignard, the finance director, explained last night that the group has a fully financed development programme with a projected cost in excess of £750m. comcost in excess of £750m, com-

cies have been designed to retain virtually all of its major property developments. This can be a heavy burden, said Mr Gnignard, with a programme of Greycoat's size. "We have a coople of proper-ties where the income flow, initially, will be less than the interest charge," he re-

Speyhawk soars to £17.3m and upgrades assets in its strategy

SPEYHAWK, which led the 1980s generation of merchant developers to the stock market, produced results reflecting the property boom yesterday and broadcast a fuodamental change in the character of the

Profits before tax for the year to September 30 were 72 per cent higher at £17.3m, earnings per share rose 60 per cent to 44.9p and net assets per share — the key element in Speyhawk's change of direction - increased by 64 per cent to 398p.

The board has adjusted the emphasis of the business to give equal weight to the generation of increased profits, and net assets per share. In other words, it took some of the developments it completed last year with the capital surplus they created, straight into the balance sheet rather than the profit and loss account.

Mr Trevor Osborne, founder and chairman of the company, said that it had always regarded the creation of assets as secondary to profit. But the

stock market crash of October 1987 saw Speyhawk shares plummet to 198p, just over a third of their summer peak, and this was the kind of shock he did not want shareholders

to experience again.
Speyhawk, he said, would be attacking asset generation in three ways:

 By retaining developments with exceptional prospects of capital growth. For example, it has an office project in the Minories, London EC3, which is assured "snhstantial growth" when the first rent reviews come along in 31% years' time;

◆ By buying properties which

need work; By hnying special situations. Inspired, he said, by a Japanese banker, Mr Osborne bought the freeholds of eight bus depots around London's M25 orbital motorway when the bus companies were priva-tised, leased them back to the same users, and racked up a profit of 100 per cent in at least

one case. The annual dividend is

raised from llp to 12.5p. Speyhawk said that it intends to strengthen its capital base by a £25m placing of preference shares with institutional investors when market conditions are "appropriate". The board is also proposing to take powers to buy back up to 10 per cent of the equity through the stock

Mr Osborne said yesterday that

COMMENT

asset creation should create a "floor" for shareholders which would rise every year, as developments were brought to book and value was added in other ways. In today's stock market, unfortunately, the door to the basement is always open. Spey-hawk eased 2p to 309p in a dismal property shares market, leaving it cheap in relation to performance, asset value or the p/e of 6.9. There has been concern about borrowings; gearing is now 31 per cent, rising to 61 per cent if off-balance sheet finance is incorporated. The preference issue would make a welcome dent in these ratios.

Peel lifts London Shop offer and raises stake

PEEL HOLDINGS. property company bidding for its fellow retail specialist London Shop, has increased its offer and raised its interest in rist target to 29.9 per cent.

Peel is now hidding 315p cash for the ordinary shares, which represents a 5 per cent increase over the initial offer of 300p. London Shop's share price rose from 306p to 318p. Mr John Bushell, chairman and chief executive of London

Shop said the offer still did not

reflect the company's value.

London Shop's first external valuation since April 1986 was being prepared. He was confident this would show a substantial increase over the net asset value at April 30 of 267.7p per share. The 80p preference share

offer is unchanged. Peel is now offering 316.575p for the 9 per cent convertible unsecured loan stock, 185.85p for the 9.25 per cent stock and 122.85p for the 7 per cent stock.

Archer exceeds float forecast

A J Archer Holdings, Lloyd's managing agent which joined the market in March, unveiled pre-tax profits of £6.12m in the 12 months to September 30 - £815,000 above the prospectus

The outcome compared with profits of £8.2m in the previous senting a lower contribution from profit commission and increased operating expenses.

Turnover was £7.53m (£9,12m). Earnings per lp share came out at 15.6p (19.4p), and a final dividend of 4.25p is

Wardle raises pressure on Armstrong

teners concern for which it has launched an £84m bid, by dismissing its defence document as "yet another promise of jam

in a letter to Armstrong shareholders, Wardle called on Armstrong to make a profits forecast to back up the routidence in the future expressed in the defence document by Mr Roy Watts, chairman.

a comment made by Mr Watts

to the press but not included in the defence document. This

for the recovery.

TENNENT C▲ LEDONIAN BREWERIES

BASS MITCHELLS AND BUTLERS

BASS W▲LES AND WEST

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ALL ADD UP TO ANOTHER RECORD YEAR

Preliminary results to 1	2 months ended 30th S	September 1988
Turnover	+16.2% to	£3734.3 million
Profit before tax	+22.9% to	£448.6 million
Earnings per share	+22.9% to	88 pence

These are some of the Companies that made it a record year for Bass. Profit before tax rose 22.9% to £448.6 million. Turnover was 16.2% higher at £3734.3 million. Earnings per share increased by 22.9% to 88p. Dividend per share recommended to increase by 20.2% to 18.10p. Bass has excellent brands, first class pubs and highly experienced people.

The purchase of the Holiday Inns trade mark and assets outside North America established an important base for worldwide expansion.

Beer volume increased by 3% against an estimated market increase of 1%

Pub retailing results were very good and offer significant growth opportunities for the future.

Bass now has four divisions: Brewing & Pub Retailing; Hotels and Restaurants; Leisure; Soft Drinks, Wines & Spirits and Other Activities.

We continue to be confident of the opportunities for profit growth from our businesses during the coming year, despite the less certain economic environment.



WARDLE Storeys, plastic sheeting and security equip-It said this was just like the "vague expressions of confi-dence" he had voiced regularly ment company, yesterday increased the pressure on Armstrong Equipment, antoover the last two years. But during this period both pre-tax profits and earnings per share motive parts and industrial fas-

Yesterday Armstrong's shares slipped 4p to 158p, an equivalent value to Wardle's offer of three shares and 640p in cásh for every 16.

Meanwhile, in a move apparently prompted by a complaint from Wardle to the Takeover Panel, Armstrong yesterday issued a statement confirming

concerned prospects at its York absorber plant, problems with which were the main rea-sons pre-tax profits slipped from £7.7m to £7.1m in the year

to July 2. On Tuesday, Mr Watts had said be expected York to achieve an "acceptable level of profitability" in calendar 1989. Wardle Storeys had complained that given the importance of York this should have been included in the defence document - which set no date

Y. J. LOVELL (HOLDINGS) PLC MAIN GROUP ACTIVITIES

PRELIMINARY ANNOUNCEMENT Results for the year ended 30th September, 1988

	1988 £m	1987 £m
Turnover	382.7	323.7
Profit before Tax Shareholders' funds	24.4 93.4	16.2 75.1
Dividends per Ordinary share Earnings per Ordinary share	6.65p 28.0p	5.0p 20.6p
Net asset value per Ordinary share	163.8p	132.5p

HIGHLIGHTS OF THE YEAR

☐ Profit before Tax increases for fourteenth successive year to £24.4m+51% ☐ Dividend+33% ☐ Earnings per share.....+36%

Record profits from residential development Partnership and Urban Renewal work in hand exceeds £400m

 Construction order book at record level ☐ Buoyant year for Commercial Developments—good growth prospects

*The record level of orders in Urban Renewal, Commercial Development and Construction will, it is believed, more than offset any reduction in the demand for private housing in the current year. The impact of recent increases in interest rates must give rise to some caution but the Directors are of the opinion that the Group's progress will continue through 1989."

Sir Norman Wakefield, Chairman The 1988 Annual Report and Accounts will be sent to Shareholders on 16th December, 1988.

UK COMPANY NEWS

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Comparative Consolidated Profits

THE GREAT UNIVERSAL STORES

(unaudited)				
	Half-year ended 30 September			
	1988 M2	1987 £M		
Turnover	1,218.5	1,167.7		
Profit before taxation:				
Trading activities	158.0	150.5		
Realised property profits	4.9	4.9		
	162.9	155.4		
Townstian (1000 anti-pt. d affection and for	102.5	100.4		
Taxation (1988 estimeted effective rate for year)	55.1	51.3		
year 1907 better rate for year)				
	107.8	104.1		
Minority interests end preference dividends	1			
Profit after taxation				
attributable to Ordinary Stockholders	107.7	104.0		
Extraordinary profits on disposal and exchange				
of investment in en associated company after provision for taxation of £13.7m (1987 Nil)	30.0	3.6		
Earnings (excluding extraordinary profits	2)			
per Ordinary stock unit:—	41,11p	39.75p		
Trading activities	41.110			
Trading activities and realised property profits	42.94p	41.47p		
Interim dividend declared	10.0p	9.00		
Interim dividend				
The interim dividend amounts to £25.1 million	(last year £2)	2.6 million)		

end will be paid on 28th March 1989 to Ordinary Stockholders on the Register at the close of business on 23rd February 1989. Profits before tax of the overseas subsidiaries for the current half year would have been worth some £1,7 million more in terms of conversion into sterling at the rates prevailing on 30th September 1987.

1987 Analysis of Divisional Income UK and overseas home shopping, retail and related activities 60.3 56.3 Consumer and corporate finance, business 22.1 10.9 6.7 information services and investment income 100.0

This enalysis is efter tax and excludes realised property profits.

As previously reported, the near month long postal dispute in September has inevitably affected the performance of the current autumn-winter catalogues and it is still too early to quantify the full effect. The catalogue division has continued its ongoing programme for improving productivity, streamlining costs and maximising cash flow, it is investing further in the development of telephone ordering, giro facilities and own deliment receives.

The consumer and corporate finance division made further progress and In a consumer and corporate infance division made fur mer progress and is now one of the largest in the United Kingdom. CCN business information services improved its performance both at home and in the United States, geining important new customers.

The property division has one of the major portfolios held by e British

company, consisting mainly of freehold and long leasehold shop end office premises. Burberrys has introduced new product ranges for younger customers

under the name of Thomas Burberry, and early results are encouraging. Additional stores have been opened in the U.S.A. The group's net worth continues to be well balanced between net current assets end property end the balance sheet is strong with net tangible

Purchase of "A" Ordinary Stock Units

The Board will seek authorisation et en Extraordinary General Meeting to purchase up to 15% of the Company's "A" Ordinary stock end to repay its "B" and "C" Preference stocks in accordance with the provisions of the Company's Articles of Association. The "B" and "C" Preference stocks will be repaid at par together with a premium of 12½p per stock unit and accrued dividend

Underwritten by:

Citibank, N.A.

Midland Bank pic

Bank of Ireland

Provided by:

The Underwriters; and

State Bank of Victoria

Irving Trust Company

The Saitama Bank, Ltd.

Banque Indosuez

First Hawaiian Bank

The Taiyo Kobe Bank, Limited

The Royal Bank of Canada

Creditanstalt-Bankverein

Seattle-First National Bank

Agency Roles:

Facility Agent

Tender Agent

Security Agent

Syndication Agent

Security Trustee:

Chemical Bank Trustee Company Limited

U.S. Bank of Washington, N.A.

The Tokai Bank, Limited

Arab Banking Corporation (ABC)

Credit Agricole, London Branch

Standard Chartered Bank Ireland Ltd.

The Chuo Trust & Banking Co., Ltd.

The Bank of Nova Scotia

Swiss Bank Corporation

Allied Irish Banks, p.I.c.

The Toronto-Dominion Bank

Credit Suisse

Amsterdam-Rotterdam Bank N.V.

The Long-Term Credit Bank of Japan, Ltd.

The Mitsubishi Trust and Banking Corporation

Chemical Bank, London Branch

9th December 1988

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GPA GROUP LIMITED

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Pilkington rises to £139m but fails to excite City

BUOYANT DEMAND in Europe helped Pilkington, glass manufacturer, raise pretax profits almost 14 per cent to £138.8m for the half year to September 30.
The results were at the lower

end of analysts' forecasts and the chare price fell 14p to 193 %p.

Mr Antony Pilkington, chairman, declared it an excellent result for the group. He said there was no evidence of any veakening of market demand for major products and a con-tinuing growth in profits was indicated.

Pilkington's flat and safety glass business worldwide was the chief engine behind a 24 per cent rise in operating profit to £159m (£127.9m). Overall, to £159m (£127.9m). Overall, margins widened from 11.6 per cent to 13.1 per cent as a result of price increases and productivity improvements. Turnover increased to £1.25bn (£1.16bn).

Libbey-Owens-Ford, US glass making subsidiary, had made considerable progress, said Mr Filkington A new five year

Pilkington. A new five year contract for the supply of glass to General Motors in North America gave confidence for its continuing restructuring,

Visioncare, US spectacle and contact lens producer, made a



Antony Pilkington - no ing of market demand.

profit of £14m (£6.2m), reflecting its £361m acquisition of Revion'e opthalmics busi-ness in August 1987. The company said it was still incurring integration costs and it expected strong improvements in

Visioncare's performance over the next couple of years. Optronics, which comprises the group's defence interests, had a disappointing half year

as a result of the erosion of profit margins on work carried out for the Ministry of Defence. Profits were whittled down from £25m to zero, although the company said it hoped to return to the black in the sec-ond half. To counteract UK margin erosion, closer collabo-ration with defence companies in the US and Europe is being

Overall profits were affected on translation into sterling by adverse currency fluctuations. If 1987 exchange rates had pre-vailed, pre-tax profits would

have been £146.5m.
The group's licensing income fell from £13.9m to £10m. Interest costs rose from £18.9m to £33.5m. Gearing, which stood at 39 per cent six months ago will increase to 60 per cent at the year end.

Earnings per share rose to 11.5p (11p), reflecting the dilu-tive effect of Visioncare's acquisition last year of Barnes-Hind and Coburn.

Without the impact of the 1987 share issue and discounting the 15 months period for Flachglas and Sola, earnings per share would have improved by about 20 per cent. The interim dividend is

Tunstall £6.5m write-off

By Fiona Thompson

TUNSTALL GROUP. Yorkshire security equipment company, yesterday wrote off as an extraordinary debit its £6.5m investment in Sound Diffusion, following that company's decision earlier this week to call in the receiver.

But Tunstall will be contacting the receivers about pur-chasing SD, following the receivers' declaration yester-day that the shares of SD have no value and the business is to be offered for sale.

Tunstall has held its 4.96 per cent stake in SD since October 1987 and has made a number of merger approaches, all of which were rebuffed.

Mr Michael Dawson, Tun-stall chairman, said Sound Dif-fusion was "a good business

that has been extremely badly run. The present situation may well have been avoided if we had had the opportunity to be involved earlier. I still believe there is a viable business there and we would like the opportumity to look at it."

Receivers close Sound Diffusion

By Philip Coggan

Mr Christopher Morris and Mr Tony Houghton, the Touche Ross receivers appointed at Sound Diffusion, electrical equipment leasing company, concluded yesterday that the main activities of the group

That means that 350 workers, based mainly at the group's headquarters in Hove, will immediately be made

Banque Bruxelles Lambert S.A., London Branch

The Sumitomo Trust & Banking Company, Limited

The Toyo Trust and Banking Company, Limited

The Yasuda Trust and Banking Company, Limited The Hokkaido Takushoku Bank, Limited

The Connecticut Bank & Trust Co. N.A.

The Mitsui Trust & Banking Co., Ltd.

The Dai-Ichi Kangyo Bank, Limited The Nippon Credit Bank, Ltd.

Banque de l'Union Europeenne

Citibank (Channel Islands) Limited for

Chemical Bank, London Branch

Chemical Bank, London Branch

Citicorp Investment Bank Limited

November 1988

Samuel Montagu & Co. Limited

a syndicate of Japanese Leasing Companies

The Mitsui Bank, Limited

The Sanwa Bank, Ltd.

The Daiwa Bank, Ltd.

The Kyowa Bank Ltd; and

The receivers also aunounced that, on present information, the publicly quoted shares of Sound Diffusion have no value. In other words, ordinary shareholders in the group have lost all their

money.

The shares were trading at 22p, giving the group a market capitalisation of £31m, when they were suspended on MonTunstall was particularly interested in SD'a business involving the installation and maintenance of communications devices, such as nurse

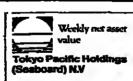
call systems.
Tunstall'a turnover rose from £29.48m to £39.98m for the year to September 30, but a £531,000 interest charge, all due to borrowings incurred when the SD shares were purchased forced a drop in pre-tax profits to \$4.97m (\$5.84m). Profits were also eroded by disruptions to the Tunstall Security and Tann Synchronome businesses dur-ing their integration and by the rapid expansion of Ademoo, the intruder and fire

alarm business.
The £6.73m extraordinary debit was made up of the £6.5m SD write-off plus £200,000 relating to a clean-up exercise throughout the group. This resulted in a £3.96m retained loss for the year. The tax charge was £1.55m (£2.44m).

Earnings per share were 21.5p (21.4p) and the directors have recommended a final dividend of 2.5p, making a total for the year of 4p (3.25p). The 23 per cent increase "reflects our confidence in the future", the directors said.

COMMENT

It has not been a good year for Tunstall, with two manage-ment decisions in particular affecting these results. Follow-ing the acquisition of Tann Synchronome in May, its manufacturing facilities were inte-grated with Tunstall Securi-ties, involving the closure of the Tann factory. This resulted in 250 redundancies and total integration costs of £1 m. Secondly, Tunstall faced costs of £750,000 relating to the open-ing of 15 new Ademoo stores, a faster-than-intended expansion but one that was felt necessary to keep up with the competi-tion. The final blow was the heavy interest charges. That said, this year should bring a good recovery and analysts are looking for £7m for this year, putting the shares, 15p down last night at 250p, on a cheap prospective p/e of 9.



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COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN Michelin et Cie

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NOTICE TO NOTEHOLDERS chello herely gives notice that tolpaid up by incorporation of reserves in the capital of the Congeny and porau-ent to Article 8 (b) (III) of the "description of the notes". The conver-sion rate of the notes has been

80, Broad Street, Monrovia, Liberta Notice to Shareholders

The Board of Directors has decided it proceed with a new distribution of US delian 200 per share, representing a return of capi-

BMP more than doubles to £5.05m

By Philip Rawstorne

BOASE MASSIMI Pollitt, the advertising and marketing services group, which merged last June with the Davidson Pearce advertising agency, amounced interim pre-tax profits more than doubled from \$2.41m to £5.05m.

With the inclusion of David-

son Pearce's results from mid-July, and a full contribution from Ammirati & Puris, the New York agency acquired last year, turnover for the six months ended September 30 showed a more than two-fold increase to £135.6m (£58.81m).

Earnings per share increased by 38 per cent to 11.45p (8.3p) — a rate of growth that should not be seen as indicative of the full year's ontcome, said Mr Martin Boase, BMP chairman. An interim dividend of 2.75p (2.25p) will be paid. The balance sheet includes

an extraordinary item of £1.18m (nil), primarily relat-ing to the costs of the merger. Benefits from the integration of Davidson Pearce into BMP, which had lifted the merged agency into fifth place in the UK rankings, were beginning to come through, claimed Mr Boase.

BMP's UK marketing services have been consolidated into one division under the chairmanship of Mr Richard Morris-Adams, and are already experiencing positive effects,

Priorities now were to maximise the group's potential and develop future sources of income by establishing a pres-ence in Europe, he said.

O COMMENT

Some City analysts down-graded their full year fore-casts, from £13.8m to £13.5m. suggesting that BMP has not yet overcome all the problems of the merger with Davidson Pearce and that Ammirati & Puris may suffer from cuts in advertising spending in the US. But BMP, with a revised prospective p/e of 8.7 in line with the agency sector gener-ally, is emerging in reasonable shape from an eventful six months. Advertising accounts worth £30m, notably Fiat's £13.8m, were lost because of client conflicts in the merger with Davidson Pearce. But some £23m has already been recovered in new business. The group's creative reputa-tion remains high, and it took three of the four main prizes in the IPA Advertising Effectiveness Awards last month However, one of the main aims of the merger, a move into Europe, seems to be proving difficult to achieve. In the US, difficult to achieve. In the US, Ammirati & Puris is encountering more difficult trading conditions than expected. One of its major clients, BMW, is among several big advertisers trimming their US spending budgets. But Ammirati is picking up new business — some \$40m in the first nine months of the year, much of which has of the year, much of which has yet to come on stream.

Restructure costs Berisford £35m

By Clare Pearson

Berisford, diversified food, soft commodities and financial services company, showed a 16 per cent advance in pre-tax profits to £101.6m but there was a £35.2m extraordinary charge for sweeping restructur-

ings.
Mr Henry Lewis, deputy chalrman, said the year had seen Berisford virtually "clear to be interests it now the decks" of interests it now regarded as peripheral to the four core operating divisions. He said the company was ready to embark on significant acquisitions and major new projects.
One move Berisford revealed

the move Berisford revealed it was considering was the construction of a straw pulp mill in East Anglia, the first such project in the UK. It has applied to the EC for grant aid for a feasibility study and is in discussions with potential partners. It has also reached agreement with Vorkshire Electricment with Yorkshire Electricity Board to build a power

Earlier this week it amounced it was negotiating two moves to enhance its presence in the US food industry. It is hoping to take a 47 per cent stake in Amalgamated Sugar, the ninth biggest sugar refiner, and is also involved in a hos-tile offer for Universal Foods, a yeast and flavours concern, through a half-owned financial vehicle.

By division, property provided £27.1m (£21.8m), owing much of the improvement to one big disposal in the City. It has regained 100 per cent own-ership of Midland Montagu House, another City invest-ment, which it had earlier partially floated.

Food interests, incorporated into Bristar Group, made 258.5m (642.3m). Within this, the dominant constituent, Brit-ish Sugar, achieved 282.2m (272.1m). City Meat Wholesalers was sold. Financial services, which

incorporates insurance, leasing and development capital as well as securities, fell to \$5.6m (£27.4m), mainly reflecting the reduction of Berisford's hold-

FULL-YEAR results of S&W ing in Cresvale, convertibles

market maker. Commodities, pared down to merchanting of coffee, cocoa and sugar, put in £6.7m against a loss of £4.6m. In November, 35 per cent of the coffee trad-

ing operation was sold. Turnover was £2.65bn (£3.06bn). The tax charge rose from 26 to 30 per cent. Minority interests took £2.8m (£2.4m). Earnings per share came out at 35.6p (32.7p). The final dividend is lifted to 11p (10p), making 15.5p (14p) for the year.

COMMENT

Stockbrokers Henderson Crosthwaite has awarded S&W Berisford its 1988 progress prize (six 20cl bottles of cham-pagne). This is on the grounds that to have pulled out of industrial interests, rationalieed the once-notoriously erratic commodities interests, broadened the property portfo-lio and de-emphasised the most volatile areas of the financial services division is not bad going for a company that was once regarded by the market as more or less anarchic. But, British Sugar aside, its earnings are still what people call "quality". So a prospective multiple of about 10 - assuming Berisford makes about £115m pre-tax this year - is distinctly overdone, especially as takeover speculation seems less and less realistic.

Hunter Saphir

As foreshadowed earlier in the year, profits at Hunter Saphir, food production and marketing group 20 per cent-owned by S&W Berisford, were adversely affected by the restructuring of

its fruit operation.
This, combined with the balance of group earnings moving further towards the second half, resulted in a 14 per cent decline to £2.1m at the pre-tax level in the 28 weeks to Sep-tember 10. Turnover was virtu-ally static at £91.49m (£91.28m). Earnings worked though at 4.4p (5.35p). The interim dividend is maintained at 1.35p.

Richards in acquisition as profits almost double

RICHARDS, manufacturer of 1988 and net assets at that date textile yarns and tufted car-pets, almost doubled its pre-tax were £10.9m. The consideration is the issue of 6.31m ordinary profits in the year to September 30. On turnover increased 26 per cent to £35.54m, the taxable result was £2.51m, against

£1.3m last time. After a tax charge more than doubled to £857,000 (£336,000), earnings per 10p share rose sharply to 12.52p (7.97p). The sharply to 12.52p (7.97p). The directors have recommended raising the final dividend to 2.6p (1.9p) to make a total of 3.5p (2.6p) for the year.

Richards has agreed to acquire Spence Bryson, a manufacturer and supplier of carpets general varies lines mode.

pets, carpet yarns, linen goods and handkerchiefs. SB achieved pre-tax profits of £1.4m for the year to April 2

Richards shares. In addition Richards has proposed a rights issue of one new share for every four held, at 110p apiece. The rights is intended to raise about £3.6m after expenses to reduce the enlarged group's borrowings. The company said that in

the year under review Kings-mead Carpets had made a substantial contribution to Richards profits. The spinning activities had a mixed year. The carpet yarn division pro-duced excellent results and furnishing yarns had made progress, but knitwear yarn had suffered from the fashion swing away from knitwear.

Setback for Walter Alexander

A 19 per cent decline in interim profits was recorded by Walter Alexander, the Scottish industrial group.

Adverse factors affecting the

first half would continue, and the reduced revenues were not expected to be recovered in the current period, Mr Ronald Alexander, the chairman,

However, looking further shead he expected all divisions to increase their contribution to group profit. Meanwhile, the interim dividend is held 1.8p. In the period to September 30 1988, turnover declined to £45.18m (£48.8m) and pre-tax profit to £2.02m (£2.49m). Included in the latter were gains on sales of investments £548,000 (£492,000). Earnings worked through at 4.6p (5.8p).

Vinten Group, avionics,

broadcast equipment, electro-

optical components and instru-mentation group, reported pre-

tax profits up 21 per cent from

£1.2m to £1.45m in the six months to September 30 1988.

Turnover in the period grew 19.9 per cent to £17m (£14.2m)

producing a trading profit of £1.71m (£1.41m). Earnings were

up 18.9 per cent to 4.4p (3.7p). Mr Ron Marler, chairman

said sales and profits in the

broadcast division were np and

the military division had recorded a satisfactory first half.

In the technology division

the amaigamation of Vinten Instruments and Trivector

Vinten up 21%

at six months

Mr Alexander said coach-building profit fell to £415,000 (£1.18m) because the Falkirk factory was in a less profitable period of transition as it reverted to producing traditional products - single and doubledeck bus bodies. However, the order book was at £25m and margins were

improving.

In home textiles profit dropped to £175,000 (£496,000).
Performance of the US operation was very disappointing, but the UK Slumberdown was expected to meet budget.
Filtration division and the DIY distribution side contin-

DIY distribution side contin-ued to produce excellent results, while liquid fuel distri-bution reduced its loss and, given a normal winter, should exceed last year's profit. Property boost for Jack Israel

Including other income of £140,000, which arose from the disposal of a freehold property, profits of the Jack L. Israel Gronp, USM-qnoted fruit and vegetable importer, rose from £617,000 to £867,000 pre-tax in the half year ended Sentember 30 entember 30.

Turnover fell to £29.24m (£33.73m) as a result of rationalisation which shifted the group's businese further towards higher margin areas of operation.

Tax accounted for £303,000 (£205,000) and left earnings at

As a token of their confidence for the remainder of the year the directors are paying a maiden interim dividend of

EVANS OF LEEDS PLC Property Investment Group

UNAUDITED RESULTS FOR THE SIX MONTHS **ENDED 30th SEPTEMBER 1988**

Total Revenue	6 months to 30.9.88 5,914,858	6 months 30.9.87 5,288,891
Profit on Ordinary Activities after Interest and other Charges Taxation at 35% (1987: 35%)	3,024,629 1,058,620	2,772,964 970,537
Profit attributable to shareholders	1.956,009	1,802,427
Earnings per share Interim Dividend	5.99p 2.15p	5.495p 2.0p

The increased dividend will be paid on 8th January, 1969 to all share-holders on the register on 16th December, 1988 and will absorb \$705,200. Our development programme is proceeding in an excellent manner and a facility of \$50m has been agreed with our Bankers on most satisfactory terms so as to ensure a sustained smooth progress.

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Dec. 1445/1454 -16 Dec. 1768/1778 -17 Dec. 2141/2153 -4
Mar. 1460/1469 -17 Mar. 1787/1797 -18 Mar. 2163/2175 -4

Prices taken at 5pm and change is from previous close at 9pm

The new adjusted conversion rate 42.24 "B" shares for one note.

DIAMOND CAPITAL LTD

would proceed, but the new business would be smaller than envisaged and no profit was expected in the current

The electro-optics division was looking healthier than twelve months ago and would contribute to this year's group profit, he said. An improved interim dividend of 1.45p (1.25p) is declared.

EMBER 9 1988

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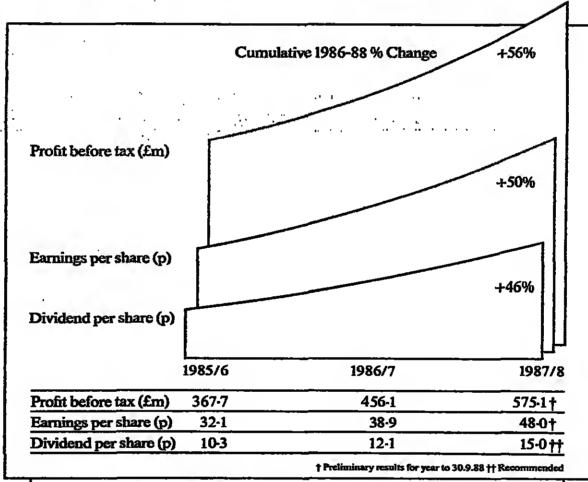
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Yet another record year with profits growing 26%.

Over the two year period since September 30th 1986 earnings per share increased by 50% and dividends per share by 46%. In the same period cumulative profits growth reached 56%.

Recent strategic and operational realignments have strongly positioned Grand Metropolitan to become one of the world's leading food, drinks and retailing companies.

Development will be balanced between Western Europe, North America and Japan/Far East based on strong brands, a first class property portfolio, robust cash generation and in-depth management excellence.

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STATEST OF THE TOTAL OF THE TOT

FKI BABCOCK, the electrical and engineering group formed in the summer of 1987 when FKI Electricals bought the much larger Babcock International, yesterday reported a rise in interim pre-tax profits from £13.30 to £50.7m, more than the £48m total for the

Reflecting the benefits of the process of rationalisation at Babcock – completed at the end of March this year – earnings per share for the six months to the end of September surged by 68 per cent to 8.98p and operating margins rose from 5.5 to 7.9 per cent on turnover more than trebled at

The interim dividend was increased by 67 per cent to 1p.
Although the results were

ahead of most City estimates. which were in the £45m-£48m bracket, FKI's shares did not buck the market trend and ended the day 6p lower at 122p. Mr Tony Gartland, chief executive, said yesterday that the outlook for the energy and contracting side of the busi-ness was bright. He said that the chances of winning a £400m contract to cut sulphur

pollution at Yorkshire's Drax power station were high. But he conceded that high interest rates made it very dif-ficult to make large earningsenhancing acquisitions, although the balance sheet was strong with gearing of just 10 per cent. Issuing shares was out of the question, he said, given a poor market rating and an overhang of stock following

the 1987 rights issue, which ended up in the hands of Mr Gartland has constantly

maintained that FKI would be capable of generating annual growth in earnings of 25 per cent; of which 10 per cent would come from organic growth and the balance from acouisitions

O COMMENT

Yesterday's figures did little to alter the fundamental division of opinion on FKI Babcock. The bulls side with Mr Gartland in believing that the company is radically underval-ued. They point out that FKI has the best five-year earnings record of any Footsie stock apart from Amstrad and yet has one of the lowest ratings.

The bears argue that rapid earnings growth, as seen in yesterday's figures, is a thing of the past now that Babcock a small company FKI would have acquired its way out of its impasse with highly rated paper. now, even if FKI stumbles on a target company his has been fully rationalised. As s on a target company big enough to have any impact on the enlarged group's earnings, it will be hard to buy it with either paper or cash given an abysmal rating and high inter-est rates. The shares reflect the bear position: if the company makes £110m in the full year followed by £132m in 1989, they are on multiples of 6.3 and 5.8 per cent respectively. The abares are unlikely to go much lower and should outperform

in a lousy equity market.

Osborne up to £0.97m despite flat shop sales

By Alice Rawsthorn

OSBORNE & LITTLE, which makes the wallpapers and furnishing fabrics beloved of Sloane Rangers, saw pre-tax profits rise by 15 per cent from £843,000 to £967,000 in the first half of the year despite

singgish sales in London. Sir Peter Osborne, chairman and managing director, attri-buted the dull performance in London to increased competi-tion. Nevertheless, he said, the growth of overseas sales, especially in the US, had compensated for the weakness of the

London market. In the six months to Septen ber 80, ternover rose to \$5.72m (\$5.17m) and operating profits to £949,600 (£861,600). The cost of moving from the USM to the main market is expressed as an extraordinary item of £49,000. Earnings per share rose to 8.83p (7.8p). The board proposes an interim dividend of 2p (1.7p).

Osborne boosted trade sales in the HE has a large continued to the head of the h

in the UK by 11 per cent, partly due to increased investent in marketing. Sir Peter said the London market was flat, but business had been

buoyant in other cities. The company experienced lacklustre sales in its shops. It has decided to close its Conduit Street showroom in Lon-don, to concentrate on its recently expanded King's Road

Showroom.
Osborne continued to expand overseas. Its sales in the US increased by 60 per cent in the first half. The recently established showroom in New York is now trading

The company's sales to other countries mustered modest growth of 3 per cent, due to the disruption caused by the introduction of new distribution arrangements in Europe. Osborne has opened an office in West Germany - to take control of its sales - and intends to open an office in France. It plans to have established a distribution network across Europe before 1992. Sir Peter expressed his con fidence for the full year but was cautious about the impact of Increased interest rates on

ILLINGWORTH MORRIS, the \$47.7m (\$46.7m) and operating Yorkshire wool textile group profits to £3.9m (£3.8m). Earnwhich recently terminated takeover talks with Allied Texings per share increased to 7.2p

5% to £4.5m at halfway stage

Illingworth Morris edges up

(6.8p).
The directors have proposed an unchanged interim dividend

half of the year.

Mr Alan Lewis, chairman and controlling shareholder, said Illingworth had failed to The only disappointing area of activity, said Mr Lewis, was Crombie which suffered from quality control problems at the Strood clothing company, which Illingworth is closing, in August it acquired Benjamin Simon, which also manufacreach agreement with Allied and plans for a management buy-out had been shelved because of the increase in interest rates. He stressed that he had no intention of selling tures for Gieves & Hawkes and Christian Dior. Once the changes have been completed Mr Lewis expected Crombie to move into profit. his stake in the foreseeable "Illingworth Morris is not for

All the other textile interests fared well. The joint top-mak-ing venture with Asahi of Japan traded profitably in the first half. sale," he said. When Mr Lewis took control five years ago Illingworth was on the brink of collapse. After radical cost cutting and reor-

Mr Lewis was cautious, howprofitability and is now one of ever, about the prospects for Illingworth's mass market texthe most powerful forces in wool textiles. It also has inter-ests in specialist chemicals. tile interests - contributing about 12 per cent of sales - in the New Year. "It is time to batten down the hatches," he In the six months to September 30 the group's sales rose to

· COMMENT

The days when Illingworth Morris could impress the City with its tale of recovery from the ravages of the early 1980s are long gone. The shares soared on speculation that Mr Lewis planned to sell his stake and slumped when discussions with Allied and the then management team, collapsed. Illingworth has been left to tell the less entertaining tale of its new status as a defensive stock. The group has retreated into the sound, speciality mar-kets where it should easily be able to withstand a downturn in demand. The only problem is that its markets are mature and the prospects for profits growth are, at best, pedestrian. The City expects profits of £10.5m or so this year. Mr Lewis talks about acquisitions. but has so far failed to deliver. The shares, down 5p to 162p yesterday, will languish on a prospective p/e of 9, until he does so.

N America helps Scapa to 11% growth

SCAPA GROUP, the machines and account for manufacturer of specialist about two-thirds of operating products for the paper and profit – and rubber and polyprinting industries, showed an 11 per cent increase in pre-tax rolls.
profits to £18.1m in the six Mr
months to September 30, said against £16.3m last time.

Adverse exchange rates, exports, cut some £1.1m from overseas operating profits on

which ensure the smooth run-ning of paper and board while in other countries profits

YORK TRUST, USM-quoted

financial services group, has

closed its loss-making personal

financial planning operation and restructured its financial

futures side following a 37 per

£3.25m to £2.04m in the six months to September 30 with

earnings per share down from

4.2p to 2.7p. Earnings exclu-

cent fall in interim profits.

By Andrew Hill

profit – and rubber and poly-urethane coverings for paper

Mr Bill Goodall, chairman, said papermaking in North America was booming. Scapa's operating profits there advanced 19 per cent to £11.8m (£9.89m), or over 30 per cent before translation.

Group turnover, 38 per cent of which is generated in the US, increased to £126m (£118m) and earnings per share rose dividend is 2.54p (2.26p).

Scapa's core operations are the supply to the paper industry of engineered fabrics—which ensure the smooth running of

ding discontinued operations

were 4.9p. An interim dividend

The Richards Longstaff per-

sonal finance business lost

£1.53m in the first half. The

operation has now been closed

and the subsidiary's pension

and trustee business merged

with other parts of the group.

Closure costs of £961,000 were

taken as an extraordinary loss.

of 1p (0.45p) was declared.

York Trust closes loss-maker

were slightly lower at £3.53m (£3.83m).

Scapa has disposed of peripheral businesses to concentrate on paper-related and industrial terials interests. Mr Goodall said there were still a few dis-posals to make and they would be followed by acquisitions to develop market share in core activities. Scapa was keen to expand its filtration business in the US, and its adhesive operation in the US and

COMMENT

Scapa's core business is undoubtedly high-calibre and its products all but essential for the paper industry. Vill-forth, the West German maker of wires and fabric bought a year ago, lost money in the

Group income rose from \$8.33m to £9.69m, including a profit of about £1.12m on the

ale of York's 3.2m shares in

CSL Corporation, the property

Mr Neil Balfour, the former Euro-MP who is York's chair-

man, said the closures and

restructuring would mean all

subsidiaries trading profitably

in the second half.

first half, but elsewhere Scapa's reputation is such that the group is raising prices by something of the order of 5 or 6 per cent without quality-conscious papermakers complaining. However, two factors are likely to hold back the shares, which dropped 5p to 252p yes-terday. One is the perception that the papermaking industry, though currently enjoying a boom, is traditionally cyclical and that demand could eventually slacken. The other is the adverse exchange rate which is affecting export margins and profits from the booming North American market, when translated into sterling. Pre-tax profits of £39.5m for the full

Venture Plant

Venture Plant Group, a plant hire company, has announced the details of its placing on the Unlisted Securities Market. Around 5.26m shares, 41 per cent of the equity, is being placed by Laurence Prust, at 95p each, giving the shares a £12.1m market capitalisation.

year would put the shares on a prospective p/e of 9, fairly valued.

The company made pre-tax profits of £958,000 in the year to September 30. The shares are being placed on a historic ple of 11.5 and a notional gross dividend yield of 4.6 per cent.

Brasway sees hefty rise

BRASWAY, tube and hright bar maker and oil blender, is forecasting a "hefty and healthy" increase in current profit over the £2,39m of

tiles, yesterday announced a 5 per cent increase in pre-tax

profits to £4.5m for the first

In the first half to October 31 1988 the group improved turn-over 22 per cent to £19m (£15.7m) and lifted pre-tax profit 51 per cent to £1.64m And in spite of the recent increase in interest rates and with further rises imminent, the group was still most confi-dent regarding the outcome of the second half, said Mr R.A.

Swaby, the chairman. Earnings for the period rose 51 per cent to 2.84p (1.88p) and the interim dividend is raised to 0.45p (0.3p) and carries a scrip alternative.

Optometrics up sharply midterm

Pre-tax profits for the six months to September 30 all but doubled at Optometrics (USA), a Delaware-based designer and manufacturer of optical compo-nents traded on the USM. The taxable figure of \$141,000 (£76,000) compares with last time's reported \$76,000.

Turnover rose 11 per cent to \$1.57m and earnings totalled 1.2 cents (0.69 cents).
The directors said that at September 30 the order books were ahead of March 31 levels

by 19 and 17 per cent in the US

and UK respectively.

Equity Consort net asset value ahead

Net asset value per £1 ordinary share of Equity Consort Invest-ment Trust amounted to 549p at October 31, an increase of 20p on the year. Net asset value of the 50p deferred shares rose from 857p to 898p. Gross earnings per ordinary share for the half year to Octoshare for the finit year to Octo-ber were 11.75p (10.12p) and the interim dividend is 45p (4.38p). A final of at least 11.25p (10.40625p) is anticipated.

Earnings per deferred share were 17.49p (14.25p). A dividend of not less than 22.5p (20.8125p) is forecast for the full year.

Cowan de Groot well ahead

The racent programme of disposals and rationalisation at Cowan de Groot, wholesale and distribution group, made a sizeable contribution to a threefold advance to £1.36m in taxable profits in the half year to end-October.

The advance from £440,000 included an exceptional credit of £326,000 from sale of freehold properties and was posted on turnover of £19.6m

Mr John Carr, deputy chairman and chief executive, said that over £6m had been realised since April 30. Group debt had been cut to £3.2m at October 31, against £9.6m a year earlier, and net tangible assets had risen from £9.7m to

£12.4m. Earnings per 10p share expanded to 3.7p (1p) and the interim dividend is raised to

1.25p (0.75p).
An extraordinary credit of 22.11m related to the disposal of the group's training divi-

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"The merger has produced the promised improvements in profitability."

King, Chairman

	26 weeks to 30 September 1988 £000's	26 weeks to 2 October 1987 £000's	% Increase
Turnover	671,158	203,393	230
Profit before tax	50,702	13,299	281
Earnings per share Interim dividend	8.98p	5.33p	68
per share	1.0p	0.бр	67

All operating groups performed ahead of budget.

Rationalisation and integration of our business is now completed.

Strong balance sheet and low gearing enable us to make selective acquisitions for cash.



1988 Final Results

Profits up 72% to £17.323m

Earnings up 60% to 44.9p

Assets up 64% to 398p

Speyhawk's chairman, Trevor Osborne, commented: "This has been a highly successful year in which Speyhawk has made record advances in profits, assets and the size of its future development programme."

EMBER 9 1988

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ahead

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One month in the year of corporate finance at Kleinwort Benson

November 1988

BEJAM

We are advising Bejam in its defence against the unwelcome offer from Iceland Frozen Foods, valued at £253m on announcement.

HAMMERSON

We are advising Hammerson in its defence against the unwelcome £1.3bn offer from Rodamco.

PORTMEIRION POTTERIES

We raised £4.3m for Portmeirion Potteries in a flotation capitalising the company at £17m.

ROCKWARE

We advised Rockware in its £45m acquisition of Presspart Manufacturing and Decorpart and raised £15m through an issue of convertible preference shares.

STAVELEY CHEMICALS

We advised the shareholders of Staveley Chemicals, British Steel, Coal Products and Norsk Hydro, in the sale of the company to RTZ Chemicals for £29m.

TESCO

We acted as lead manager for a £100m long-dated fixed rate sterling eurobond on behalf of Tesco.

UNITECH

We are advising Unitech in its US\$327m offer for Veeco in the USA. Kleinwort Benson Inc is acting as dealer manager for the US tender offer.

BOOTS

We announced a recommended £41m offer for Underwoods on behalf of Boots.

PILLSBURY

We are advising Pillsbury in its defence against the unwelcome US\$5.3bn offer from Grand Metropolitan.

RAGLAN PROPERTY TRUST

We raised £5m for Raglan Property Trust and provided advice on its £5m acquisition of retail properties from the LAS Investment Trust.

SCOTTISH & NEWCASTLE

We advised Scottish & Newcastle in its defence against the unwelcome £1.6bn offer from Elders IXL, which has now been referred to the MMC.

TELEPHONE RENTALS

We advised Telephone Rentals in its defence against the offer from Cable & Wireless. The ultimately successful increased offer, which valued Telephone Rentals at £320m, represented an exit multiple of 19.5 times forecast earnings.

TIP EUROPE

We advised TIP Europe in its £11m acquisition of the Netherlands and Belgium based Cetem/ITR Group and raised £10m through an issue of ordinary shares.

WELLMAN

We advised Wellman in the US\$6m sale of its
US business Wellman Thermal Systems Corp
and the related UK business
Wellman Automotive Products to the US management.

and we continue to advise HM Government on the privatisation of the Electricity Supply Industry in England and Wales and the privatisation of Short Brothers in Northern Ireland, and Abbey National on its proposed conversion to plc status.

The Kleinwort Benson Group

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The Scottish National Party's stunning victory in the Govan by-election has highlighted a

growing resentment at the north-south divide and unleashed a fierce debate over Scotland's constitutional future. James Buxton, Scottish correspondent, reports.

Union versus independence

A STUNNING by-election vic- per cent and ahead of the Contory by the Scottish National Party last month has once more thrust the question of Scotland's future into the limelight. A senior Conservative politician, Mr Leon Brittan, has said publicly that Westminster would have to grant Scotland independence if the Scots showed consistent and sustained support for it. The Queen has let her anxieties be known about a new wave of Scottish separatism. The virtues of independence versus the union (with England), and the middle road of devolution, are once again being fiercely debated north of the Border.

By-election successes by the SNP in the 1960s and 1970s had an electrifying effect in triggering a upsurge of support for the party whose goal is inde-pendence for Scotland. Mr Jim Sillars, the new SNP MP for Govan who turned a Labour majority of 19,500 into one for the SNP of 3,500, is a skilful and charismatic figure. The first sign that history may be repeating itself came this week when a System Three opinion poll put support for the the SNP at 30 per cent - a similar level to that which the party achieved in the 1970s. It was in second place after Labour at 39

servatives with 21 per cent. Mr Sillar's success at Govan probably owed much to the alectorate's perception of him as a greatly superior candidate to his Labour rival, as well as to the highly energetic target-ting of the seat by SNP enthusiasts. But he succeeded in exploiting the grumbling dis-satisfaction of Labour voters at their 50 Scottish MPs' predictable failure to protect Scotland against the Conservative gov-ernment with its huge Westminster majority.
The Scots' dislike of the Con-

servative Government is not hard to fathom. The past nine years of Conservative rule have been a traumatic time for Scotland, as the country's economy has been wrenched painfully from a dependence on declining heavy industries to one based more on service industries and advanced technology. The Conservatives' ruthless attitude to unemployment was never likely to win friends in Scotland. Scots seem to bave a stronger sense of collective responsibility - some might call it corporatism than people in the south of

On top of that there is remarkably strong animosity towards Mrs Margaret

Thatcher, the Prime Minister, seen as the kind of hossy Englishwoman Scots most dislike, and there is anger that a government which was able to muster only ten MPs after the 1987 general election should, far from diluting Thatcherism for the Scots, actually step up the dose.

Tories.
But Scotland is in a mood of smouldering resentment rather than pre-revolutionary fervour. In fact it is doing relatively well at the moment. The economy, which after years of big industrial closures was hit savindustrial closures was hit savagely by the collapse of the oil price, may at last be growing as fast as that of the rest of the UK. Unemployment, though still far too high both at the average level of 10.9 per cent and in an alarming number of dire blackspots, is falling. Scotland's higgest and most vital land's biggest and most vital city, Glasgow, is riding on the crest of a wave of self-confi-Unemployment: 10.9 per cent Manufacturing exports (: 1967): £6.025bn

Scots could take pride in the fact that an increasing number of English people are so impressed by the quality of life in Scotland's major cities and in the countryside that they are moving up to Scotland in unprecedented numbers, bringing fragments of the southern England house price boom

dence in the wake of its superbly organised Garden

with them. Yet the malaise continues.



Many Scots feel uncomfortable about an economy whose manufacturing base is now so slen-der - though no more so than that of the UK as a whole. The idea that some of the country's greatest economic potential may lie in promoting its cultural beritage and its virtually untouched countryside for tourism and leisure does not strike much of a chord in the industrial towns of the Central

Agriculture, forestry & fishing

Energy & water supply Metal manufacture & chemicals

Barking, insurance & linance Public administration & defence

Transport & communi

Metal goods, engineering & vehicles Other manufacture

Education, health and other services

Wholesale distribution, hotels & catering

EMPLOYMENT BY CATEGORY (MARCH 1988)

Population: 5.1m

There is resentment at the unfairness of Britain's northsonth divide, fears about Scot-land's peripheral location on the fringe of Europe, and alarm at the increasing centralisation of Britain

The proposed takeover of Scottish & Newcastle Breweries by the Australian com-pany Elders IXL (now under study by the Monopolies and Mergers Commission) produced an unusually cohesive

GB(%)

KEY FACTS

response by leading Scottish representative organisations because it was seen as a taking a stage further the erosion of Scotland's corporate base, and as a grave threat to the quality of managerial and professional jobs on offer to people in cities like Edinhurgh and Glasgow.

The Conservative government is highly vulnerable to the newly fashionable accusa-tion of "Englishing" Scotland. It is engaged in an endeavour

CONTENTS

Economy: a recovery not a Profile: East Kilbride new town corporation contamplates a The Highlands: a landscape on

the political agenda cation: Government pushes ahead with parent power

Tourism; removing the constraints to attracting more Transport: deep dissatisfaction over air and road links

Jim Stliers MP, Scottish National Party victor in the recent Govan by-election to change attitudes and break up what Mr Malcolm Rifkind, the Scottish Secretary, has

called the culture of depen-dency among Scots. Thus it is to push forward the breaking up of the monolithic council housing estates that blight many Scottish cities, while par-ents are to take significant powers in supervising state schools through school boards, and a Bill to allow schools to opt out of local authority control is to come before parlia-

Yet evidence from opinion polls suggests that the Government's policies in education and housing may not be quite as unpopular as the opposition parties make out, while a recent survey by the Glasgow Herald showed that Scots had much the same views and aspirations on the accumulation and use of wealth as other neople in Britain. But the Conservatives' standing in the opinion polls stubbornly refuses to go up above the 24 per cent they won in the 1987 general election, and the party has so far had difficulty getting the Scottish beneficiaries of Tory policies - such as council house sales - to vote Conservative. That may only change over

many years.

The victory of Mr Sillars, who is a member of the socialist wing of the SNP, will cer-

FINANCIAL TIMES FRIDAY DECEMBER 9 1988 tainly mean the Government facing more strident attacks on its policies for Scotland in the House of Commons. Whether an SNP bandwagon gets going depends partly on what opportunities come the party's way: no other by elections are in the offing, no general election is expected for about three years and next summer's European elections probably present the SNP with too broad a target; and unlike in the 1970s there are no Royal Commissions on government in Scotland to provide a focus for the National

But Mr Sillars seems to have polarised the debate on Scot-land's future. In the past few months he has spearheaded a campaign to swing the SNP behind a policy of seeking to make Scotland an independent stare that would be a full member of the European Commu-nity in the post-1992 single market. Although it is far from clear how Scotland would actually achieve that status the idea has its attractions: it means that the SNP is no lon-

means that the SNP is no longer exposed to the accusation of being a separatist party leading Scotland into a kind of Albanian isolation.

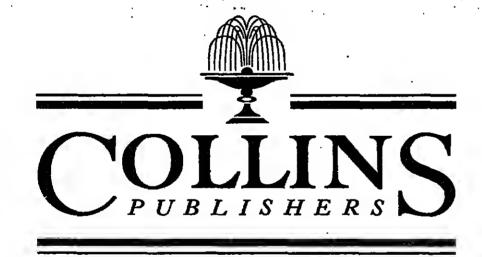
But only 16 per cent of those who woted in the Govan hy-election told an exit opinion poll that they wanted an independent Stotland — when it was spelt out to them as meaning that Scotland would be a separate country. (A Scotlandseparate country. (A Scotland-wide opinion poll in September put support for an independent Scotland at 35 per cent, though the options were not so starkly spelt 'out'). What the vast majority of Scots would like to see is the creation of a Scottish assembly using powers devolved to it by Westminster, though their enthusiasm declines somewhat when they are asked to support an assemhly which might increase taxes. Less than a quarter sup-port the constitutional status

The issue will be highlighted in the next few months by a Constitutional Convention at which representatives of politi-cal parties (except the Conser-vatives) majons, churches and other badies will meet to dehate the reform of the sys-tem of government in Scotland. The calling of the convention is the culmination of a struggle by the Campaign for a Scottish Assembly, but how it will work has yet to be decided.

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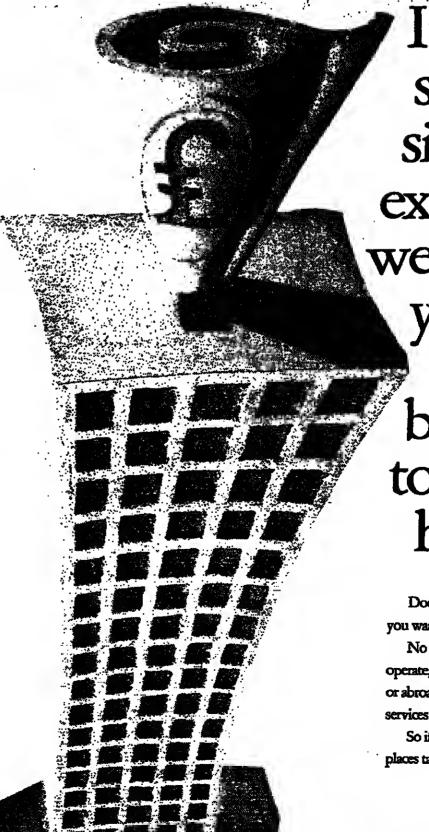
Yet the chances of Scotland getting a devolved assembly at the momen: are slim. The Conservatives have set their face firmly against it, and though it is official Libour Party policy it is undermined by scepticism about Labour's chances of coming back to power at Westminster with a substantial major-

Continued on page 3



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DECEMBER 9 194

Break the Covering Core of Common Williams

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Compaq's computer factory in Erskine

The economy: what is happening in Scotland qualifies as . . .

ployment rate - seasonally

adjusted - is still 10.9 per

cent, the fourth highest among the regions of Britain. That fig-

ure conceals some appalling

black spots: unemployment in

Glasgow is still nearly 19 per

cent and male unemployment

is almost 25 per cent in some areas. While the city centre

and some classy suburbs are

doing well, in other parts of

the city there is only a fragile recovery and some of the outer housing estates are ghettoes of poverty and unemployment.

For the whole of the 1980s

Scotland's rate of growth has been lower than that of the UK

as a whole. When the UK econ-

omy improved strongly from 1966 onwards Scotland was hit

by the collapse of oil prices, which cost several thousand

jobs and caused more indus-trial closures. It was only from

mid-1987 that it began to enjoy

UK economy, with its accent on consumer spending, was not

best adapted to the Scottish

economy, whose manufactur-ers are oriented towards

investment goods - such as engineering products and data

processing equipment. Lately,

however, capital spending has

been on the increase. There is

Even then the noturn in the

a sustained improvement

A recovery not a boom

THE SCOTTISH economy is looking reasonably healthy. It is enjoying nothing compara-ble with the boom in the south-east of England, hnt there are significant patches of expansion and prosperity. It may now be that, after a long period of under-performance in the 1980s, the Scottish economy is growing at least as fast as that of the United Kingdom

The latest surveys show that business people in Scotland are still optimistic about their immediate prospects, despite the onset of high interest rates and revived inflation. Unemployment is continuing to fall.

By far the most bullish place in Scotland today is Glasgow where the highly successful Garden Festival during the summer set the seal on nearly a decade of revival of the city's appearance, its spirits and its business community.

But in the Edinburgh area

development is still restrained by local authorities which at least until recently had little interest in in economic development. Aberdeen, though a wealthy city compared with many in the UK, has not regained the buoyancy enjoyed What is happening in Scotland qualifies as a recovery,

a promising upturn in spending on offshore developments in the North Sea despite the weak oil price. But the sharp rise in interest

rates is certain to affect investment spending while the continued relatively high level of sterling means reduced oppor-tunities for Scotland's predominantly export-oriented manufacturers. It would be sad if the UK's economic upturn, having reached Scotland late, were to

The sharp rise in interest rates is certain to affect investment spending

peter out early north of the border as the Government deals with an overheating that never affected Scotland.

British Coal, which still employed 14,000 miners before the 1984/85 miners' strike, now has a labour force of less than 4,000 and its four remaining pits are under threat, either from the South of Scotland Electricity Board's determination to buy cheap imported coal, or low productivity. The privatisation of British Steel has revived Scotland's

perennial fears about tha future of the integrated steel complex at Ravenscraig. despite its impressive productivity and a commitment made by the company in December 1987 to continue steel making there for at least seven years, "subject to market conditions. Its hot strip mill is guaranteed

only until next year.

Manufacturing now accounts for only 20 per cent of employment in Scotland. Scotland's industrial output is still only marginally abova where it stood in 1980: in several categories it is substantially lower and the overall figure is sus-tained almost entirely by the surge in output by the electronics industry. Scotland is a major producer of data process ing equipment, microchips and electronic defence equipment, but the majority of the indus try consists of branch plants owned by US and to a lesser extent Japanese companies and few carry out research and

development in Scotland. Significant indigenous industries are now in such fields are textiles, especially knitwear and woollen cloth, much of it now suffering from the problems affecting the rest of the UK textile industry, food and drink, with whisky companies recovering after a long reces-

sion; engineering, much smaller than it once was, but with important companies like Weir Group doing well; chemi-

cals; and paper. The vast majority of the Scottish population now works in services: the financial sector, based mainly in Edinburgh and Glasgow, is doing reasonably wall, and considerable investment is now going into tourism, perhaps one of Scot-land better long term hopes. With many of the big

employers having disappeared or slimmed in size — the biggest industrial site in Scotland is the Rosyth naval dockyard, now run by a private sector joint venture of FKI Babcock t industrial site in Scotland and Thorn EMI, with a workforce of about 6,000 - Scotland's business community is slenderer than in the past and based on smaller companies. The number of quoted Scottish companies has declined to only about 70, mainly as a result of takeovers, and up and coming companies are now often reluctant to go public, afraid of los-ing their independence. Professional advisers, from lawyers to public relations firms, are flourishing.

The composition of employ ment in Scotland – the break-down between different sectors – is now almost identical with that of the UK as a whole. That suggests that the Scottish economy will have broadly the same strengths — and weak-nesses — as that of the rest of Britain. But its development seems likely to lag behind some other regions: Scottish

entrepreneurs may be no less determined than those in other parts of Britain, but there are probably fewer of them and they may be less experienced and less confident than those in other parts of Britain, since the Scottish economy, with its very slightly declining population, throws up fewer opportunities than some other regions.

Now the Government is launching a naw initiative, aimed at reducing unemployment, improving training at a time when the labour force is set to decline and improving enterprise creation. It plans to set np a new agency - possi-bly called Scottish Enterprise or Enterprise Scotland which will merge the Scottish Development Agency with the Scottish functions of the Training Commission and work through a number of local ontlets, presided over by business

The worrying question is whether Scotland is in fact struggling in vain on the periphery of both Britain and Europe against e tide of cen-tralising forces radiating out from London and, increasingly, from the core of the European Community. The fight to stop Scottish & Newcastle Breweries being taken over by the Australian company Elders IXL symbolises the battle being waged to prevent Scot-land becoming ever more a branch plant economy.

James Buxton

PROFILE: EAST KILBRIDE

Towards a private future

Kilbride's new town develop-ment corporation and those of Scotland's other four new towns should become clear next spring. At issue is how the government proposes to dispose of the new towns' assets, how much of their debt it is prepared to write off, and the future role, if any, it plans to assign to the development corporations themselves.

Four options are thought to ha under consideration. The assets of each could each be offered in their entirety to the highest bidder; they could be split up and sold off in bits to the highest bidders; they might be offered to the local community, with residents becoming shareholders in their own town; or each town might be the subject of a buy out by the present development corpora-tion management team, with support from Scottish investors and local authorities.

There is no question of their being handed over to localauthorities. "We have to accept that the government is aiming for a transition to private con-Young, managing director of the development corporation for East Kilbride, long regarded as Scotland's most nearest new town corporation. successful new town.

He favours a management-led buy-out, with shares offered, perhaps two years later on the USM, and local people given a priority or discount. Such a solution would ensure the cortinuity of the onward programme of investment in East Kilbride, he

East Kilbride is a focus for employment in northern Lanarkshire and last year achieved the largest influx of new employment opportunities in employment opportunities in its 40-year history. A total of 59 new companies arrived, bring-ing 1,500 new jobs. There were also 25 expansions by existing

companies.

JVC, the Japanese consumer electronics giant, announced 650 jobs at its proposed £27m manufacturing plant. The US electronics company, AVEX, unveiled a £6m high technology project that should create 500 jobs over the next three years. Even more significant in employment terms will be the completion of the second phase of the Olympia Centre, a £26m development adding 30 new shops, an ice rink, a restaurant and a multi screen cinema complex to the town's existing amenities, generating more

complex to the town's existing amenities, generating more than 1,000 jobs.

Unemployment is 8.9 per cent, half the unemployment rate for Strathclyde and considerably less than half the rate for Glasgow. There is a nil vacancy rate in public sector houses in East Kilbride and a greiting list of 4,300 peopla waiting list of 4,300 peopla wanting to move in, more than three times the average waiting list for any similar sized town in Scotland. Hous-

THE FUTURE of East ing is 50 per cent privatelyowned, and prices are 15 per cent above the average for the surrounding areas.

Over the past 40 years, East Kilbride has borrowed £110m from the Treasury, but has created assets with a replacement value of over £750m. The town has been in profit for 19 years and has paid £35m to the government in corporation tax. Its financial reserves stand at

Mr Young is anxious that the corporation's expertise and contacts should not be lost in the field of inward investment and international business generally. He recently suggested to the Scottish Office that the corporation could put its experience to good use in Castlemilk, one of Glasgow's notorious peripheral estates. Support for the principle of

an enlarged remit for Scotland's new town development corporations has already come from the influential think tank, the Adam Smith Institute. In its document, The Best Laid Schemes, (title courtesy of Robert Burns) published in October, it suggested that Scot-

Apart from urging a link-up between Castlemilk and East Kilbride; it suggested a tie-up between Easterhouse, also on Glasgow's outskirts, and Cum-bernauld; between Wester Halles, in Edinburgh, and Livingston; and between Glen-rothes and Whitfield in Fife. The neighbourhood develop-

ment corporations, as they might be called, would be largely staffed by the development corporations, who would manage housing and land, and seek to encourage industrial development.

"If this experiment were successful, there would be no reason why it should not be extended to other peripheral estates," says Dr Madsen Pirie, president of the Adam Smith

Institute.

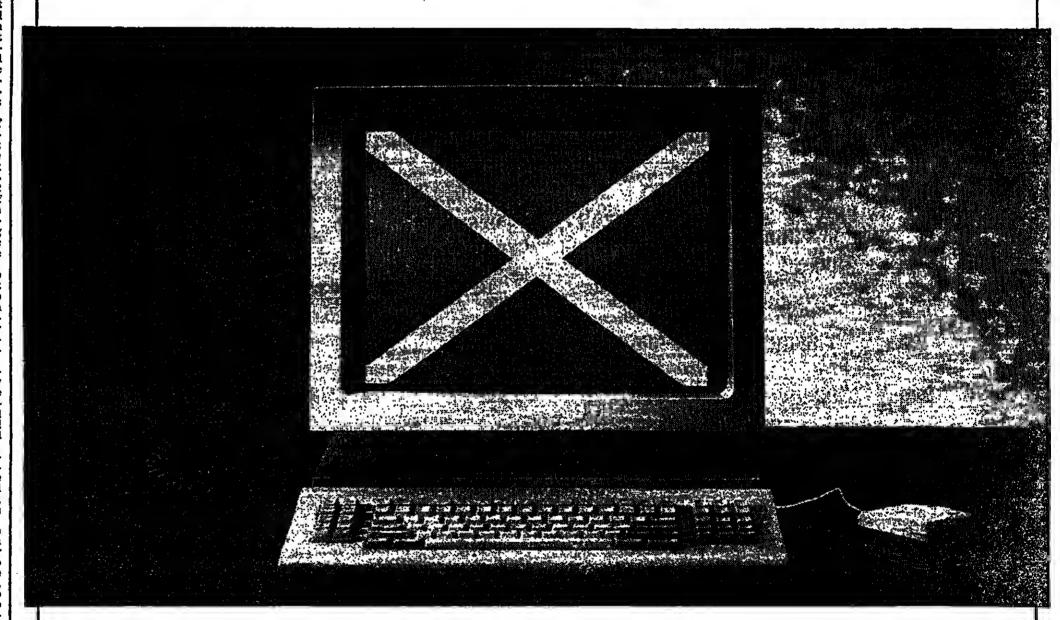
Mr Young believes that the development corporation should be given an even wider commission. T would like to see our team involved in the whole of north Lanarkshire. whole of north Lanarkshire, with a roving commission to cooperate with other areas, to help them generate employment with the sort of package that we have been able to offer in East Kilbride.

"We would work alongside the Scottish Development According and local authorities.

the Scottish Development Agency and local authorities. Clearly if all East Kilbride's assets are disposed of we would have no revenue for such activities. We would depend on resources from elsewhere, possibly from the SDA. If we were allowed to retain some of our assets, we would have the resources necessary. have the resources necessary, possibly with a top up."

Alastair Guild

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SCOTLAND'S landscape, under greater pressure than ever before, is firmly on the political agenda. The key question, now sharply in focus, is: bow to achieve a bal-ance in the highlands and

islands between conservation and employment generation? The growth in the number of fish farms in lochs and inlets, the spread of large scale for-estry on peatlands and hillsides, pressures for more ski-ing developments on geological massifs and the country's increasing popularity among those from outside Scotland for second or retirement homes are just some of the demands which have served to intensify the debate.

On some specific issues, con-servation and commerce have appeared further than ever apart. The Nature Conservancy apart. The Nature Conservancy Council (NCC) has come under fire in the Caithness and Suth-erland area for its designation of large tracts of what it con-siders to be a unique eco sys-tem as Sites of Special Scien-tific Interest (SSSIs) and what locals see as ideal country for large scale afforestation.

large scale afforestation.

The NCC has also put its weight, and an SSSI designation, behind opposition to further development of the Cairngorm skiing area, much to the annoyance of among others Highland Regional Council. The NCC proposed three other areas where any growth in ski-ing could be accommodated, and where the scale of development would be more in tune with the interests of nature. But conservationists and those responsible for attracting commercial development do

EDUCATION needs to be made

more responsive to the aspira-

tions of parents and to better reflect the demands of the

country's economy, say Scot-tish Office ministers.

But current proposals, many of them similar to reforms already introduced in England

and Wales, have prompted fears among the teaching pro-fession that Scottish education

might be losing its own distinc-tive identity.

The setting up of school

boards, on which parents will be in a majority, and which will supervise each school, was

recently approved by parlia-

ment. The Government is to legislate in the current parlia-

mentary session to allow boards which are so inclined to

take their schools out of local authority control and out them directly under the Scottish

Office. These, plus the pro-posed introduction of testing at the ages of eight and twelve

into primary schools, are the main issues at the core of the

Mr Malcolm Rifkind, the Scottish Secretary, has drawn

pilot projects in Dumfries and

The unique landscape of the Highlands is on the political agenda

In search of rural balance

share some common ground. The Association for the Protection of Rural Scotland, the country's first national amenity body, founded in 1926, has, as one of its principal aims, the achieving of a balance between protecting the countryside, visually and ecologically, and the providing jobs for those who wish to earn their liveli-This is possible as a confer-

ence organised last month by the Scottish Scenic Trust, an environmental group, made clear. Bringing together the Highlands and Islands Development Board, Highland Regional Council, Strathclyde Regional Council, the Countryside Commission for Scotland, the Nature Conservance Council, the Nature Conservancy Council and the Scottish Scenic Trust, the conference estab-lished broad agreement, for example, on the need to encourage better standards of design in the Scottish country-side, be it for housing, caravan sites or fish farms. It suggested that the Scottish Scenic Trust should sponsor annual awards for developers of schemes which blend with the scenery.

The conference also urged that fish farming be brought under planning control. At present, the Crown Estate Commissioners, the body responsible for granting fish farm leases, are obliged only to consult interested parties.



national forestry strategy, with concern voiced, in particular, about the switch from planting by the Forestry Commission to the involvement of the private sector. Forestry was now taking place without any concessions to land use management because land in the highlands was so cheap. "There is no way forward for sensible land use management if it is led by the property market," one delegate commented.

An indicative forestry strategy was suggested as one way forward. Strathclyde has already developed its own ver-

sion in which sensitive areas have been mapped out and the extent, form, location and type of planting are weighed their

use for other activities. More powers to enforce an overall land use strategy for Scotland were called for. Comsion, got away with flaunting the planning process, Mr Rob-ert Cowan, chairman of the Highlands and Islands Develop-ment Board, said.

He urged the introduction of a new system of rural land use planning, including designa-tion of sites of special develop-ment potential as well as areas for conservation.
There has been concern at

with a disregard for the job prospects of local communities. The need for better machinery for achieving a balance of land use interests in the wider countryside, not just to protect Sites of Special Scientific Inter-est (SSSIs) was how Dr John Francis, director of the Nature Conservancy Council put the case some 25 per cent of High-land Regional Council's landward area is now covered by conservation designations of

the proliferation of areas designated for their scenic quality or scientific interest, often

one sort or another.
The Countryside Commission for Scotland has indicated a need to extend across Scotland the system of Environmentally Sensitive Areas, the scheme administered by the Department of Agriculture with grants to encourage closer integration of farm management with conservation. Scotland has five ESAs at pres-

The CC is also planning to report to the government soon on the possibilities for a distinctively Scottish type of national park, to take into account the specific Scottish need to conserve remote upland areas. This is a concept which received the support in October of none other than Prince Charles, though the NCC believes that national nature reserves, of which Scotland has so me 70, and SSIs are more appropriate. The CC is also planning to more appropriate.

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more appropriate.

The conference generally agreed there was insufficient co ordination between the different government departments and agencies concerned with land use in Scotland. But there are signs of improvethere are eigns of improve-ment. The Scottish Office has signalled its wish to see model plans for rural development being brought forward. Planners from the Scottish Develop-ment Department and Highland and Borders regions have worked on just such a plan, based on the Ullapool area, which is intended to show the opportunities ranging from light industry, tourism, fisheries, and crafts, to forestry and deer farming, which might be developed.

Alastair Guild

EDUCATION

Politics of parent power

that parents have the inclina-tion and motivation to become involved in school boards. He will have taken heart also from Strathclyde Regional Council's acceptance of the need to make

school boards work.
Strathelyde, with 1,200 primary, secondary and special schools and a total of 350,000 pupils, is the largest single

education authority in Western Europe, possibly in the world.
The council adopted a report, Home, School, Community Partnership. which described a range of ways of promoting greater involvement by parents in home schools are proin how schools are run. "Our starting point is a positive one," says Mr Graham Harcus, of education, whose responsi-bilities includs the introduc-tion of school boards. But that said, Strathclyde doubts the wisdom of legislating for a

boards.
"Our own idea of school

boards was one of partnership, with 50 per cent of members drawn from among parents and 50 per cent from the staff and community representa-tives," says Mr Harcus. And this was the preferred approach of 80 per cent of Scottish parents, according to the Government's own consulta-tion exercise, he pointed out. The new boards will have

the right, under the legislation, to be consulted over spending proposals drawn up by the headmaster. He will outline the budget for the coming session, and draw to their attention any item out of the ordinary. If they will be antomatically passed to the local education authority for resolution. If the parent's are still not satisfied, the matter will be referred to the Scottish Secretary.

On the vexed issue of allowing schools to opt out of local authority control - they would be funded direct from central government - some members of the teaching profession have already voiced fears that it will create two tiers of school, one for children from well off, articulate, middle class fami-lies, another, more inferior system for the poorer, less articulate sections of society.

The Scottish Office has sought to reassure critics that be allowed to select pupils on the basis of ability but will have to accept all pupils applying, where there are places available. But it is being argued that opting out will distort educational provision in other ways, particularly as fall-ing school roles take greater hold. Strathclyde, for example, is expected to loose one third of its school population in the next ten years. It has already closed 31 primary, secondary

The first of the Government's new city technology colleges in Scotland is due to be established at Allan Glenn's school in Glasgow, under the aponsorship of Trust House Forte, Mr Rifkind describes the initiative as further evidence of the Government's commitment to giving Scottish parents a greater choice of schools for their children to attend.

and special schools.

Again, there have been sug-gestions that these colleges - to be known in Scotland as technology academies - will cream off the best pupils from surrounding schools.

Those involved in Scottish higher education await with interest, and some concern, the resource allocations of the Scottish committee of the Universities Funding Council to universities and the country's 17 central institutions, and coieges of education.

Meanwhile, in the world of

higher edocation there is increasing disquiet among CIs and colleges of education at Treasury strictures, says Mr David Caldwell, secretary to the Conference of Scottish Centrally Funded Colleges, which now require Scottish Education Department approval for all capital expenditures above

The gap in non-teaching resources between Scottish universities and Cls is grow-ing, says Mr Caldwell, Student accommodation in Cls is deteriorating, he says, to the extent that some of the larger Cis. such as Napier Polytechnic and Dundee, have made clear their desire for university sta-

One suggestion to meet this has been the creation of a national University of Scotland model, with all Universities, CIs and Colleges of Education as constituent colleges, retaining their vocational character.

Independence

Continued from page 1 ity. Devolution would in any case be a messy solution, raising awkward questions (especially for Labour) about the size of Scotland's continued representation at Westminster, alarming business people by the threat of higher taxation and raising the possibility of allowing Whitehall to take less notice of Scotland.

vatives are now exhorting their party to make the case for the union as vigorously as they can. The tragedy for Scotland is that this energy-sapping debate about its future raising nagging question marks in the minds of potential investors in the country seems unlikely to be resolved

The choice should then boil

down to independence versus the union, and senior Conserin the near future.



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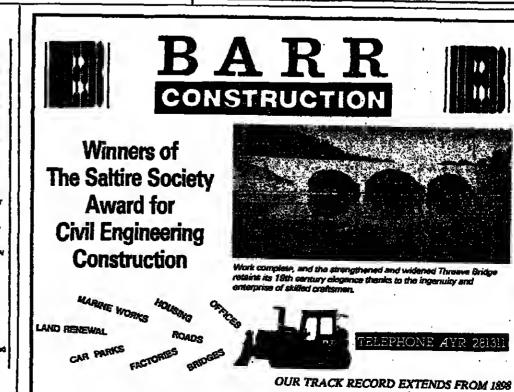
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STIRLING CASTLE is one of the most spectacular historic sites in Scotland. It stands on

an enormous rock rising verti-cally out of the Forth Valley, it probably has more ancient buildings than Edinburgh Cas-

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Mr Tom Band, the STB's chief executive, has warned

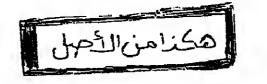
that the industry risks becoming complacent because of its recent growth, and could fail to adapt to meet changing tastes.

He thought there was a problem of attitudes among politi-

cians, including local politi-

cians who did not think that tourist jobs were really serious or worthwhile. His colleague

Lord Sanderson, the minis



Tourism assets are excellent, but the industry's development needs to be taken more seriously

Removing the constraints to more visitors

tle, and it has superb views towards the Highlands. But in recent years the number of visitors coming to Stirling has fallen by about half. The old town of Stirling is congested with traffic making its Eighteen months ago the scottish Development Agency and the Scottish Tourist Board, toric Buildings and Monumental Residence of the Problem o which had been studying tourism in the town for two and way up to the castle, and much of the area has been given over to drab council accommodation instead of shops, cases and tions of the castle, it proposed

half years, invited the London-based L & R leisure group to study Stirling. L & R drew up a plan and made two ratical sug-gestions: to improve the attrac-

ments; and to solve the problem of traffic congestion and add to Stirling's tourist appeal, it suggested running two funic-ular railways up the side of the castle rock to bring the visitors

in and out.

The Stirling project, which would have cost £8m, could have been a spectacular demonstration that Scotland – and the Government - was prepared to take imaginative steps to improve its tourist industry. But the funicular railways, though they would have been discreet, would have meant building a car park and access

road near a pretty meadow at the foot of the rock.

The project, though strongly backed by Stirling's Labour council, met some opposition in the town. A few weeks ago, before the scheme had even embarked on the planning pro-cess, Lord James Douglas-Ham-liton, the minister responsible for ancient monuments, said the Government did not like the idea of the funiculars; with-out answering the question about privatising the running of the castle, be asked the SDA to start another study of Stir-

ling.

L & R, which recently won a Queens award for exports for its luxury train, the Royal Scotsman, which tours the

Highlands, was furious. It claimed the Government was wasting 4 years and £1m worth of studies. It was doing nothing "to make leading tourism companies like ours feel that Scotland is a place in which to invest, and to provide vision and leadership."

The Government's decision over Stirling seems a serious setback for Scottish tourism. Scotland, it is increasingly being recognised, has very strong tonrism and leisure potential. But it also suffers disadvantages: it is often seen as remote, its weather is unrel-iable and the indigenous population is too small to sopport large leisure industry on its own. Promotional flair and commercial courage are essential to develop Scottish tour-ism, and the Government eppeared to be delivering a

blow to both. Scotland has tremeodous assets for tourism and recreation in a time of fast-rising discretionery income and increased leisure time for many people. It has a very strong image, a romantic history which emounts to it almost heigh one his them. almost being one big theme park, magnificeot wild scenery, fine golf courses, salmon riv-ers, tartan, bagpipes, and cul-tural events like the Edin-burgh Festival, not to mention Glasgow, nominated the European City of Culture for 1990. If

anxiety over skin cancar grows, even the Scottish climate could be turned to advan-

Spending by visitors in Scot-land has increased by a third in the past two years, coming close to an estimated £2bn last year, and the industry is reck-oned to employ 135,000 people, some seven per cent of the labour force — more than agri-culture, shipbuilding, electron-ics and coalmining put together. The number has risen by 83 per cent in the past 20 years, while jobs in manufacturing have fallen by 44 per

Tourism's potential for Scot-land is being increasingly appreciated: a range of projects are underwey all over Scotland, for hotels, golf courses, time share properties and betatant betatan ter visitor facilities et tradi-

tional attractions such as Edinburgh Castla. Invastment valued et £130m in capital projects costing over £500,000 is underway, to which the public

sector is contributing £28m, and a further £400m worth of other further possible projects has been identified. Glasgow has had great success in improving and promo-ting itself as an ettractive place for visitors, aided by last summer's garden festival. Edinburgh may at last be taking its strong appeal for tour-ists more seriously. Even Aber-deen, not previously regarded

while not providing adequate car parks, good refreshment facilities and proper toilets. "We have almost too many historic buildings," Mr Alan as much of a place for visitors, is thinking of capitalising on its oil industry as a tourist attraction. A project worth \$50m is being put forward to revive and improve the leisure facilities at Aviemore in the Highlands, which already has Devereux, chairman of the Scottish Tourist Board sald recently. We could be better off with half as many, better

ranging from winter sports to golf, with several boliday vil-

Scotland succeeds in attract-Dr Gordon Adams, the STB's ing 1.4m foreign visitors a director of projects, has com-plained of lack of flair in the presentation of many of Scot-land's attractions. year, which although only about a tenth of all visitor numbers accounts for a quar-ter of tourist spending, because of the high spending of the ter, is trying to pull together Scotland's official tourist effort Japanese, Americans, Germans and Italians. Yet Lord Sanderson, the Scottisb Office minister

responsible for tourism, and

by setting up a high level co-or-dinating group, which meets twice a year, on which the top men in bodies like the STB, the SDA, the British Tourist Board officials of the Scottish Tourist (responsible for much of the Board and of the SDA, (the latter is now playing an increas-ingly important role in tourpromotion of Scotland abroad) and the Highlands and Islands ism), are constantly urging Development Board sit. Scots to take the industry more One of the issues it wants to seriously. There are so many gaps to be filled: a lack of tackle is the high cost of air fares between London and Scotland. Mr Band recently high-quality leisure facilities, a shortage of things to do, espeaccused British Airweys of cially in the Highlands, when charging more to fly tourists to it rains; a failure to exploit much of Scotland's industrial Scotland than to foreign destinations, including Ireland. Lord Sanderson's Scottish heritage; too many castles trad-ing on tenuous links with the Tourism Co-ordinating Group is looking this and at other constraints hindering tourism over-sold Mary Queen of Scots and Bonnie Prince Charlie, development.
But the Stirling Castle deci-

sion seems to contradict offi-cial efforts to make Scots take tourism more seriously. The issue seems unlikely to go

James Buxton

TRANSPORT

Unhappiness over air and road links

GOOD TRANSPORT links are crucial to Scotland, which increasingly feels itself to be on the periphery of European Community. Yet existing air and road links are a source of deep dissatisfaction, and there are anxieties about how the Channel Tuppel will affect Channel Tunnel will affect

"Delays to air travel are a disincentive to inward invest-ment," says Mr John Davidson, director of the CBI Scotland. We suggested to BA that it put on an early bird flight from Glasgow leaving at 6.55. This would get a Heathrow slot before the Transatlantic rush. We said it would be well patronised, and it has been. Air UK has started a 6.40 service to Gatwick. Businessmen can now be certain of reaching a 10 am meeting in London, or of making an onward connec-tion. The CBI has estimated that it can cost an executive an additional £300 to travel outside Europe via London, just in hotel bills and time wasted. Direct air services from Scotland to Europe are seen as another way of reducing

BA is considering reintroducing transatlantic flights from Scotland

delays. Though the growth in the number of routes has be encouraging, there are still relatively few. Air UK has reported a 49 per cent growth on its international flights to and from Scotland, reaching a total of 124,000 passengers for the first nine months of 1888. services from Aberdeen, Edinburgh and Glasgow to Amsterdam account for the Scandinavian flights have also proved popular. Scottish European Airways

reports that its recently-intro-duced services to Brussels and Frankfurt from Glasgow have been well patronised and it is planning cautious expansion. SEA holds licences for services to and from Hamburg, Gothenburg, Copenhagen, Milan and

British Airways has increased the frequency of its service from Scotland to Dusseldorf, from since October 30 has had a twice daily flight from Edinburgh to Paris, via Birmingham. It also offers a direct Glasgow to Paris service.

BA is considering reintrodu-cing transatlantic flights from Scotland, which it abandoned in the 1970s because of the dis-advantages imposed by the Government's requirement that they be operated from Prestwick, inconveniently sited for many parts of Scotland and with a total lack of air feeder services. BA'a transatlantic assengers at present connect with a flight from Manchester to New York. Sir Colin Mar-shall, BA's chief executive, said earlier this year that there was greater potential to develop trans-Atlantic flights from Glasgow rather than Prestwick. The Government is expected to review the future of Prestwick as Scotland's only transatlantic gateway next

Meanwhile, Glasgow last month started a 247m expansion programme to cope with the expected increase in pas-sengers from 3.5m to 5m by 1993, though Scottish Airports emphasised that it was not emphasised that it was not pared to the possible switch of Atlantic services from loss making Prestwick.

Glasgow is favoured by both the CBI and the Association of Scottish Chambers of Commerce for such services. "We also see the argument for a completely new airport in Central Scotland, but there would be a shortage of sites and we don't see where the money would come from, saya Mr Ewan Marwick, the association's secretary.

Air is now an important means of transport for high value-added exports from Scotland. Office machinery and data processing equipment accounted for 25 per cent of total Scottish manufactured exports in 1987 by value, the single most important group. The US is top overseas market for Scottish manufactured

exports, buying £884m-worth in

Data processing components for assembly in Scotland are high up the list of imports. However, the rest of the UK is Scotland's single most important market, while England is the primary route for Scot-land's exports into Europe, now accounting for 60 per cent of total exports.

There is no motorway connecting Scotland with the English motorway system, and of goods that leave Scotland by land, 85 per cent travel down the slow and over-crowded A74 trunk road, described by Mr Marwick as a classic non-tariff barrier to trade. It is estimated that every hour of delay on the road pushes Glasgow effec-tively another 60 or 70 miles away from the market. The government has given its commitment to upgrading the 60 miles of A74 to motorway standard, at an estimated cost of at least £200m, to join the M6 at Carlisle. The results of studies considering the best way of implementing the upgrading are expected soon.

The amount of lorry traffic on the A74 could be reduced were some freight to go by sea. There is concern at the absence of a deep sea port in Scotland. "We thought there might be potential there, given that Scotland is closest to North America," says Mr

Containers arriving from North America could be put onto rail bound, for the Continent: But a study concluded that the cost of carrying con-tainers over land is so much more than by sea. It was, in effect, cheaper to sall direct to Bremenhaven than bring a ship into the Clyde. The Euro West port concept might become viable only were congestion in the Channel to

Just how much of the freight traffic now thundering down roads such as the A74 can be expected to transfer to rail come the Channel Tunnel is currently being debated. Brit-ish Rail has had working groups in Scotland considering how the country could best benefit from the opportunities opened up by the Channel Tunnel. Some organisations involved in the discussions are pushing for a marshalling yard somewhere in Central Scot-land, dedicated to European bound freight and providing

single customs clearance.

"British Rail is saying it is not sure whether a direct freight service from France to Scotland, bypassing Willesden, would be justified. We say that the delay that would result from remarshalling at Willesden (London) will deter freight

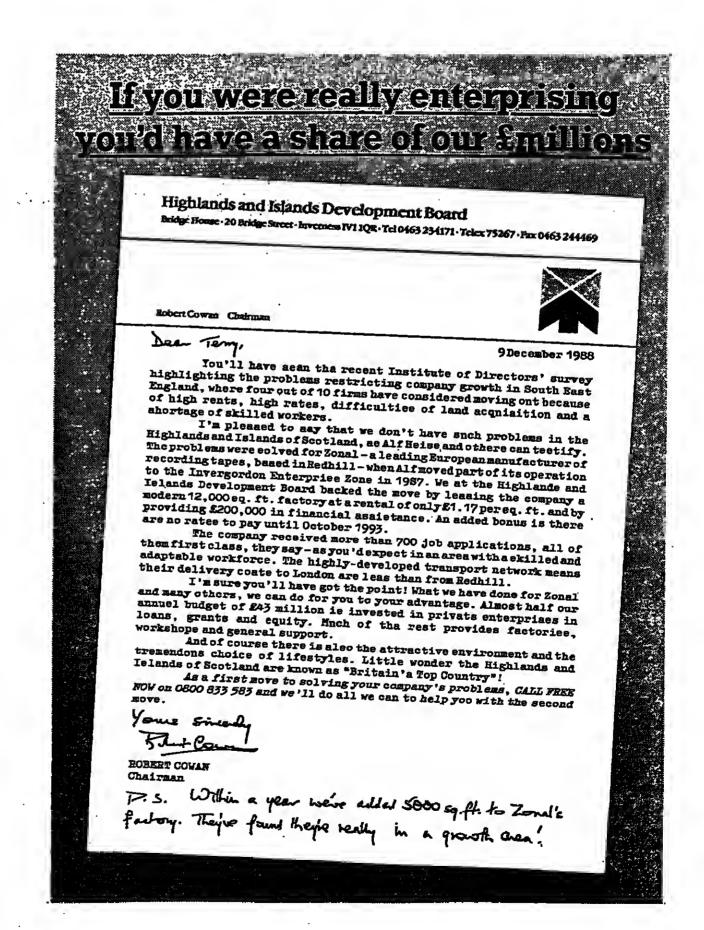
"Remarshalling at Willesden (London) will deter freight traffic from using rail"

traffic from using rail," says Mr Davidson.

According to British Rail, anticipated growth in the levels of Railfreight traffic offer good prospects of direct freight services from Central Scotland to the Continent. It has been a good year for Railfreight in Scotland generally. It recently signed a 10-year contract with British Alcan, for example, to move 100,000 tonnes of alumina from Northumberland to its smelters in the West Highlands, keeping some 30 lorry movements a day off the roads. Other developments include the re opening of a mothballed seven mile freight line in Ayrshire, at a cost of 2200,000, for the movement of 1,400 gross tonne coal trains bound for Ayr Harbour and shipment to Northern Ireland,

The £306m electrification of the east coast main line will see new electric locomotives hanking the latest build of pas-senger coaches between Edinburgh and London in four hours by May 1991. BR decided against electrification north of Edinburgh. It would have cost £100m, and not provided a sufficient return on investment.

Alastair Guild



Uncertainty | over cocoa resurfaces

By David Blackwell

UNCERTAINTY resurfaced in the London cocoa market yes-terday over the proposed deal between France and Ivory Coast which could take 400,000 tonnes off the oversnpplied world market.

A Reuter report from tha Cocoa Producers Alliance, meeting this week in Lagos, quoted a delegate from another producer-country saying Ivory Coast had told alliance mem-

bers the deal to sell stockpiled cocoa had not been concluded. Prices in London dipped on the news, with the second posi-tion contract breaking below recovered in the afternoon and the contract closed £1 down on the day at £857 a tonne. Reports of the deal have hung over the market, creating

confusion for a couple of months. Last Friday France denied a deal with Ivory Coast. But analysts and dealers in London now believe Sucre et Denrees, the French trade house, bought 200,000 tonnes of Ivory Coast cocoa for just over

FFr1,000 per 100kg. Ivory Coast has been refus-ing to sell cocoa for less that FFr1,200 per 100kg, so Sucre et Denrees would appear to have obtained favourable terms. Some reports say Ivory Coast dropped its export tax of FFr200 per 100kg.

Analysts believe problems over financing the deal's other 200,000 tonnes are delaying an official announcement. One said: "We should not have been looking for an announcement from Lagos. They will keep it

By John Murray Brown in Jakarta

INDONESIA IS set to become a

leading player in Asian coal markets after the deal announced yesterday with British Petroleum and CRA,

the Australian minerals group, to start commercial production

at the US\$500m mine project in

Kalimantan, Borneo.
Officials confirmed that the opencast mine will reach full capacity in 1991, producing 7m tounes of high grade steam-coal, all of which is destined for expect.

The deal, struck after more

than two years of talks, is

much larger than initially

envisaged, reflecting in part the improvement in steam-coal

prices and also the decision to

upgrade the mine facilities to

handle ships of 180,000 tonnes

the joint-venture company established by BP and CRA

said talks were under way with

China Light and Power, the

Hong Kong utility; GKE of The

Kaltim Prima Coal (KPC).

Copper hits a record as nickel prices rise sharply

COPPER WAS traded on the London Metal Exchange yesterday at more than \$2,000 a tonne for the first time.

Traders said Grade A copper for immediate delivery reached £2,005 a tonne before ending the day at £2,004, up £41.5 a tonne on Wednesday's level and well ahead of the previous record, £1,967.50 achieved on

Analysts predicted that the tightness of supply which has driven up the copper price will continue well into next year. Mr John Harris, analyst with Rudolph Wolff, the London metal trader, said: "The strong performance of the contract for performance of the contract for March delivery shows people expect the fundamental supply tightness to last until then and it could go on right through the first half of next year."

Mr Neil Buxton, of Shearson Lehman Hntton's London metals research unit, agreed. He said: "It will be into the

second half of next year before new copper production has an impact and then inventories have to be rebuilt before the price comes down substan-Analysts also agreed the

copper price could go higher.
Mr Buxton said: "Present
prices are so far away from the cost of producing copper that it is difficult to say where they will peak. But the factors which put the price there in the first place are still there." However, Mr Nick Hatch, of Kleinwort Benson's mining team, suggested it was unlikely that copper prices would stay at current levels for long. "But while it is there, it will make

Netherlands; and Chugoku, a public utility in Japan.

sent to buyers in Europe and Asian countries. Officials said they expect the project to compete with domestic coal-

producers in West Germany

and Japan.

The project is part of BP's strategy to expand its operations base, both in production and marketing in a region where it has traditionally had a small presence.

The company is discussing

terms with Pertamina, the Indonesian state oil company,

project, producing 100,000 barrels a day for export to Japan. BP recently agreed to

build a petrochemical plant on

BP Minerals is also close to

production at an alluvial gold

to develop a hard-rock site, both in Kalimantan.

Kaltim Prima is the only

Close Previous High/Low

deposit, and has a conce

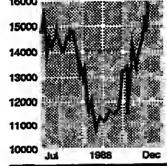
COCOA E/tonne

and Japan.

Trial shipments have been

BP deal boosts Indonesia's coal role

Cash metal (\$ per tonne)



the earnings of the base metal producers look even more spectacular," he added. spectacular," he added.
Once again yesterday the
impetus for the recordbreaking surge in the copper
price came from the New York Commodity Exchange (Comex) after stocks fell again by 234 short tons (2000lb) to a record low of 5,254 tons.

Some traders fear a squeeze on copper prices on Comex in late December and the exchange took the precaution some time ago of announcing that original margin requirements in speculative and hedge positions would be lifted today to 50 per cent of the contract's full value. Early last month these requirements were only 5 per

LME and Comex combined warehouse stocks of copper stand at about 68,000 tonnes, compared with some 150,000 consumers were putting hill in demand.

one of 10 foreign coal ventures, signed in the early-1980s, to have reached commercial

production. An official said.

We are fortunate because we

don't have to rely on the local

market to establish the

Other operations, with less high quality deposits, are looking for base-load contracts

with PLN, the state utility,

and local cement companies.

PLN last year rejected a

trial coal consignment from Atlantic Richfield and Utah

International because of high

quality and will be particularly attractive to utilities concerned

about environmental impact.

between 3 per cent and 5 per cent; low moisture, less than 10

per cent; and, low sulphur. The

calorific value is about 6,750

cal per kg. The company has had

ash content.

viability of the project."

unwanted metal on warrant in the slack summer period.
At thet time the Grade A

copper three-month price was about £1,280 a tonne. Yesterday tit traded at a record £1,731 before easing back to close at £1,724, up £29.50 on the day. Nickel prices also rose very sharply on the LME yesterday. By the close metal for immediate delivery had

tonne, while three-month nickel was up \$875, at \$14,400.
Traders suggested European stainless-steel mills expect strong demand will continue into next year and have been buying nickel from merchants on the free market to supplement contracted supplies. In turn the merchants have boosted LME prices as they sought to cover their sales to the mills. Meanwhile, smaller consum-

jumped by \$1,075 to \$16,000 a

ers have been bolding off, expecting lower nickel prices, but will soon have to move into the market for their firstquarter requirements.

Mr Harris suggested threemonth nickel, which at one stage yesterday traded at the equivalent of \$6.55 a lb, could go to \$7.30 (\$16,089 a

tonne) Nickel reached a record \$19,000 a tonne - the highest price ever paid for metal on the LME - in March when there was surging demand from the stainless steel industry coupled with delays in shipments from

the Dominican Republic. However, the price was back at \$9,370 a tonne in mid-

ment. The question of how to

assess fringe benefits remains unresolved. Under the contract

Batubara, the Indonesian state

coal company, will take a 13.5

per cent royalty either in coal

Tax on net profits - after

costs are recovered by the

joint-venture - will be

charged at 35 per cent for the first 10 years.

The project, sited in north-east Kalimantan, will

include construction of a 17km.

conveyor, wharf and small 10MW coalfired power unit.

The mine, a series of open-pit

technology, not drag-line or bucket-wheel methods.

Up to 20 per cent of the capital costs will be for mining

equipment, with another 47 per

cent absorbed in infrastructure

BP and CRA will provide

equity finance, the rest being

costs, officials said.

Developed world's oil use rose in summer

By Max Wilkinson. Resources Editor

THE DEVELOPED world's consumption of oil continued to rise in the summer, mainly because of increased use of transport fuels in the US and the Far East, the International Energy Agency said yesterday. In its monthly oil market

report it said consumption in July to September rose by 300,000 barrels a day, or by 1 per cent compared with the level at the corresponding time last year. The rise in the Pacific region was 3.5 per cent in the period. In the US the rise was 1 per cent.

The agency said consumption was rising rather faster than expected in this final quarter, but for the year as a whole it expects a 2 per cent rise in total oil consumption, close to the average for the past two years.

Growth is expected to con-tinue at a slightly slower rate of 1.8 per cent in the first nine

months of next year.

The largest rise in consump-The largest rise in consump-tion in terms of volume was for motor gasoline, which rose by 290,000 b/d, or 2.5 per cent, in the first nine months of this year compared with the corresponding period last

The largest proportionate rise was in use of aviation spirit, which increased by 5 per cent in the period.

The report confirms the

the report contrins the steady rise in crude output by the Organisation of Petroleum; Exporting Countries, from an average of 17.5m b/d in the first three months of the year to 22.6m b/d last month. The main increases were by Iran. main increases were by Iran, Iraq, Saudi Arabia, the United Arab Emirates and Kuwait.

The report suggests that much of this increased output has gone into floating and land-based stocks.

In the six months April-September reported stocks rose by an average of 1.7m b/d. This still leaves an unexplained gap hetween reported supply and demand which may represent extra

The total addition to stocks may therefore be nearer to 3.8m b/d over the period.

CORRECTION Metal prices

A FAILURE in Metal Bulletin's computer resulted in errors in some of the minor metal prices supplied by and published on Wednesday. The correct prices follow: cobalt \$7.50-7.70 a lb; mercury \$285-300 a flask; molybdenum \$3.45-3.50 a lh; selenium \$8.90-9.30 a lb; tungsten ore \$55-63 a tonne unit; and vanadium \$6.20-6.70.

US MARKETS

steadied beans and malze,

THE GRAINS were firm, with the

exception of soyabean oil, on a combination of factors - chart buyer

expectations of Chinese buying and

allocations to the Soviet Union railied wheat, while spread buying against the oil firmed soyabean meal, reports

Drexel Burnham Lembert. The mests were lower across the board: hogs as

a result of reduced packer dema

Too many fishing boats hunt for too few fish

Bridget Bloom and Tim Dickson on EC policies

HE SITUATION now facing North Sea fishermen whose living relies on catches of cod and haddock, stocks of which appear to be at record low levels, is the most serious crisis for at least 10 years, says Mr Bob Allan, chief executive of the Scottish White Fish Producers Association. At the Fisheries Council of

the European Community this afternoon ministers will be asked to agree rules to restrict fishing of cod to 80 per cent of last year's levels and of haddock to 40 per cent. Fishermen in NE Scotland

will be particularly badly hit if these curbs are endorsed. Their big fleets were built mainly to fish the two species. Their representatives are strident in demanding smeliorating action

by ministers.

Their warnings are underlined by Mr John MacGregor,
UK Minister of Agriculture, Food and Fisheries, a man not given to hyperbole. In a Com-mons debate last week he spoke of the chance "the collapse of these important fish-eries might be at stake."

The EC's fisheries policy, drafted in 1983 and destined to last for another 15 years, seemed till now one of the EC's most successful policies. Fish-eries policy rarely makes headlines, except at the annual council meeting in December which sets catches for the coming year. The policy costs Ecusum a year, compared to the Common Agricultural Policy, the bill for which nears

Yet behind this apparent success lie real problems, highlighted by the fall this year in two of the North Sea's big fishing stocks. The policy is failing to match the EC fleet size to available stocks. Far too many boats are chasing too few fish.

In principle the policy addresses this. It tries to limit production by a quota system and to control the size of the fishing fleet. However, in practice, while stocks appear to be falling, measures to control the fleet have failed.

In spite of plans to cut the overall fleet by 3 per cent over five years, which is inadequate, most member-states' fleets have increased — Britain's by as much as 15 per cent. Further, thanks partly to EC and national government aid today's fleets are more effi-

Technology has been brought to bear on methods. An official said: "A trawler's bridge today looks more like that of a destroyer Certainly the fish have very few places left to hide." The fishing regime, like EC

farm commodity regimes, is complex, while, says a particlpant the industry as a whole is excessively rule-bound.
In Brussels Enropean
Commission officials see the policy having four key planks: A conservation policy, applied in the EC's 200-mile zone and operated through annual imposition of a total allowable catch (TAC) for each species. TACs are divided into quotas for each member-state, while there are measures like control of net sizes, as well as policing by member-states to ensure conservation.

 A policy of minimum support prices and intervention buying which costs little but is considered a useful if secondary adjunct to TACs. • So-called structural

EC FISHING FLIGHT Tonnage % rise or fall In Member States: +5.3% +1.3% +0.7%

+3.4% to 1.57m tanges

measures, aimed at fleet reduc-tion and operated mainly through a 16-year multi-annual guidance plan introduced in i986. The plan allows aid for vessel-improvement, provided fleets are cut overall.

In the past few months the commission stopped such aid, much to the annoyance of many member-states, notably France, largely because member-states were taking the grants but failing to cut fleets. However, aid is still going to scrap or de-commission vessels.

 A policy towards third countries, involving both those where the EC shares fishing rights, as with Norway, Sweden and the Farces, or where it has the possibility of extending EC fishing in international waters. Commission officials in

charge of policy believe its framework is adequate but acknowledge it has not pre-vented over-fishing. Over the past few years fishermen have been persuaded by high prices and freely-available grants or loans to invest in more capacity, putting stocks at risk.
The officials say the

main problem with stocks is that while cod and haddock normally live to 10 or more years, fishing has been so intensive that today all the oldest fish have been caught.

What is available is the newest fish - the latest so-called ageclass, in the jargon — which in some years is good but in

others, like this, is poor.

The fishermen's problem has been exacerbated recently because the shortage of fish from EC waters has stimulated imports from countries like iceland which have been luckier with stocks, or better at con-servation, than the EC. The result over recent months has

been falling prices.

The commission's immediate solution, which will certainly solution. solution, which will certainly form the most contentious item on the council's agenda today, is to lower dramatically TACs on haddock and cod. For cod, last year's TAC of 150,650 tonnes has dropped to 118,750 tonnes. For haddock, this year's TAC is 61,000 tonnes against 164,000 tonnes.

The commission has not proposed how the haddock tonnage would be divided between member-states but it is clear Britain, with 78 per cent of EC quotas for haddock, is likely to be hit.

be hit. Mr Richard Banks, of the Mr Richard Banks, of the National Federation of Fishermen's Organisations, says there could be losses of 160m to 170m on total white-fish catches of about 1220m, The British fishermen's bod-ies are united in calling for

measures which would increase TACs and therefore quotas and/orcompensate them. They appear to have per-suaded the British Government to invoke the so-called Hague Preference.
This dates from 1976 and

this dates from 1976 and gays areas especially dependent on fishing should be given priority quota-allocation. It is suggested Britain has a right to 60,000 tonnes of haddock. However, if this were so, other member-states would be left to divide 1.000 tonnes.

Among compensatory measures demanded is EC aid to lay up boats — on the same principle, as Mr Allan put it, as the EC's setaside compensation Whatever short-term

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amelioration may be decided by the Fisheries Council this weekend, in the longer term much will depend on the commission's ability to enforce and strengthen its controls on fleet sizes. The matter is delicate and highly political. Fishermen and governments alike believe in the need to conserve stocks but, short-term, sacrifices demanded are painful.
It is possible North Sea haddock and cod TACs will

rise next year, if only because a good year could follow the bad. However, the trend is clear. Even conservative estimates suggest the EC fleet must be cut by at least 20 per cent if it is to match available supplies into the 21st century.

LONDON MARKETS Zinc prices were steady on the Londor

Metal Exchange yesterday after falling for the previous three days. Traders said the market was rather healts with charts pointing to a test of support around \$1,480 a tonne, but firmer copper and the weakening but still unresolved Peruvian miners' strike made sellers rather reserved. Aluminium prices found some support, three-month 99.7 metal closing above \$2,400 a tonne — a level which could signal further gains today, traders said. Coffee prices eased in quiet conditions, with many European centres closed for a Catholic holid

Dealars said the physical market had been particularly subdued, with roasters now appearing to have obtained adequate cover for at least a couple of months during a recent spate of buying. Gold and platinum prices were also easier in line with New York.

SPOT MARKETS Crede off (per barrel FOS) Olf products (NWE prompt delivery per to \$170-173 \$144-145 \$70-72 Premium Gasoline Gas Oil Heavy Filel Oll Naphthe Petroleute Argue Estim +3 +25 \$136-138 \$423.50 \$17¢ \$596.50 \$127.50 -0.25 Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz) Pailadium (per troy oz) +1.50Aluminium (free mark Copper (US Producer) Leed (US Producer) \$2515 157%-162c 4114c Lead (US Producer) 41 ac Nickel (free market) 705c Tin (European free market) 24015 Tin (New York) 18.65c Tin (New York) 342.50 Sison 25c +35 -20 + 0.05 -0.75 Zine (US Prime Western) 72 % C Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)† 115.14p 175.30p 83.07p +8.02° -1.24° +5.5 +2.2 +4.0 London daily sugar (raw) \$286.02 London daily sugar (white) \$299.02 Tate and Lyle export price \$284.6 Bartey (English foed) £110 Maize (US No. 3 yellow) £130 Wheat (US Dark Northern) £112.75 Rubber (spot) ♥ 58.00p Rubber (Jan) ♥ 54.00p Rubber (Feb) ♥ 55.00p Rubber (KL RSS No 1 Jan) 291.0m +0.25 +4.0 \$570z \$405 \$382.5 \$177.5 Coconut oll (Philips Paim Oil (Malays 2 a tonne uniess otherwise stated, p-pence/kg -cents/lb. r-ringgit/kg, z-Dec/Jan. w-Jan/Feb.

-Jan/Mar. u-Mar. q-Jan. (Most Commissi

average fatstock prices, * change from a week ago. **London physical market. SGF Rotterdem.

837 815 862 643 860 844 860 847 860 846 865 866 894 878 832 858 859 860 860 882 891 860 862 885 894 Dec. 21 Turnover: 3850 (4270) lots of 10 tonnes ICCO Indicator prices (SDRs per tonne). Daily price for Dec 7: 1102.31 (1110.48) :10 day ever-age for Dec 8: 1115.47 [1118.57]. tes High/Low 1109 1095 1110 1096 1103 1089 1097 1086 1104 1101 Terriover:3776 (4727) lots of 5 tonnes ICO Indicator prices (US cents per pound) for Dec 7: Comp. delty 116.71 (117.24): 16 day average 115.21 (115.07). Close Previous High/Lov 256.40 257.80 249.00 250.20 241.20 243.60 236.80 238.60 230.00 236.00 232.00 260.00 252.20 252.00 246.00 243.00 241.00 May Aug Oct Dec Mar 229.00 225.00 231.60 Close High/Low 291.00 286.90 286.60 284.40 277.00 277.00 Turnover: Raw 2472 (4465) lots of 50 tonnes. White 630 (2047). Parte- White (FFr per tonne): Mar 1705, May LONDON METAL EXCHANGE TRADED OFFICIES Cells Putta Strike price \$ tonne 159 161 30 85 116 65 51 82 120 120 Dec Jen Apr Jul BFI Calls Purs 363 285 46 248 245 202 108 362 148 140 203 495 PRINT AND VEGETABLES
Red Delicious apples from British Columbia
Washington State are more plentiful at
40-55p a ib (45-60p) as Christmas Washington State are more pleasure at 40-55p a lb (45-60p) se Christmes approaches, as are Spanie satusmes 30-50p (35-65p), white supplies of pink grapetruit have also improved 25-40p (30-45p), reports FFVIB. New arrivals include peaches 25-45p and nectarines 30-40p trom Chile. Generally, vegetable prices remain stable, with Bruseels Sprouts 15-30p, carrots 10-30p and apotatoes 9-18p. Cabisage is still 14-35p and the price of pararips is also statio at 20-40p. The best saide buys remain imported tomatoes 30-55p and Chiles to statio at 20-40p. Other saided which remain at the sume price as last week include round lettuce 24-32p and spring onlose 25-45p.

problems agreeing tax treatsuppliers' export credits. **WORLD COMMODITIES PRICES** AM Official Kerb close Open Interest n, \$1.7% purity (\$ per torme cannot per 2) virgo % ser tomos Pling turnover 4,300 tonne 8,467 lot Ring turnover 31,200 toone 2002-6 1723-6 2006-6 1725-7 69,970 lots Eliver (US cents/ Ring turnover 0 ozs Cash 512-5 3 months 625-9 609-12 623-6 614-7 628-31 467 lots Lead (2 per tonne) Ring turnover 7,250 tonne Cash 402-4 3 months 382-3 11,766 lots Nictel (S per tonne) Ring turnover 1,296 tonne 5.375 lots tiel High Grade (5 per tonne) Ring turnover 1,700 tongs 1,610 lots Zinc (\$ per tonne) Ring turnover 11,890 tonno 1505 1515/1490 POTATOES E/lonne LONDON BULLION MARKET Gold (time oz) \$ pric 96.0 111.9 95.0 96.0 †11.8 423 % 423 % 423 % 424 423 50 226¹4 -226¹4 229¹2-230 228,996 on fix 422.20 high 423 1; 424 1; low 422 1; 423 227.833 SCYABEAN MEAL Strong finelaylupe 2 235-238 235-238 235-238 234-238 2 227-2-229-2 50-2-54-4 53-2-54-4 330.35-334-20 436-441 436-441 436-441 434-439 422-425 991₂-1001₂ 991₂-1001₂ 610.20-617.25 160.50 162.00 160.50 160.00 164.00 164.50 164.00 156.00 Eritannia US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat 165.40 165.00 Turnover 175 (79) lots of 20 tonnes. FREIGHT FUTURES \$10/Index point Strer fiz US ets aquiv Close Previous High/Low Spot 3 months 0 months 12 months 617.25 1409 1488 1522 1518 1585 1568 1366 1360 1485 344.20 355.20 631.05 645.35 1515 1555 1358 1465 CRUDE OIL \$/barrel Jan 14.68 Feb 14.50 IPE Index 14.31 **GRAINS** Litorine 14.10 14.08 Turnmer: 4579 (3969) 109.80 113.50 116.80 117.30 116.80 117.30 116.95 118.85 118.80 GAS OIL Shonna Previous High/Low 144.50 142.50 139.25 Close Previous High/Low 136.50 133.00 126.75 126.75 125.00 124.00 107.25 107.00 110.75 110.40 112.75 112.25 102.50 \$9.00 135.75 131.50 130.50 127.50 125.00 107-25 107.10 110,75 110,60 112.75 112.50 105.50 102.50

illes as a result of a record pace of storage and cattle on weaks fundamentals. Energy futures continued to trade in a range, crude oil eased after failing to hold earlier get on technical buying, heating oil finished roughly unchanged white gasoline firmed in light volume. Copper was strong reflecting the continued squeeze in the December contract, gold and aliver were quietly contact, got and silver were questy steady with underlying trade support. Coffee railled on trade buying in the face of light speculative selling in moderate volume. Commission house and trade buying held prices firm in sugar before late local long-liquidation forced prices lower in light volume. Early fund buying in cocoa firmed prices before trade long-liquidation **New York** GOLD 100 tray oz.; \$7tray oz. Close Provious High/Low 0 428.6 437.7 445.0 450.8 454.2 426.6 434.5 440.1 445.0 451.0 457.0 429.0 PLATINISM 50 trov oz. S/trov oz. 608,0 699,0 599,0 693,5 0 597.8 591.8 589.8 589.8 501.3 SELVER 5.000 troy oz cente/troy oz. Previous High/Low 017.5 019.0 6128 014.0 616.4 621.1 626.3 636.3 648.7 656.9 672.3 676.8 688.5 018.1 622.8 628.0 638.3 648.7 658.7 674.0 678.5 618.0 632.5 894.D 694.0 Close Previous High/Low 163.25 156.00 148.00 140.00 130.00 125.00 121.80 157.00 101,00 142.00 142.00 131.70 128.70 123.00 119.50

Chicago CRUDE OIL (Light) 42,000 US galls \$/barrel SOYAMEANS 5,000 by min; cents/80th bushel 16.46 16.36 15.30 16.27 16.25 15.28 15.22 15.21 706/0 781/0 786/4 785/2 774/4 722/0 600/6 783/0 796/0 801/0 789/0 781/4 787/0 785/4 775/4 725/0 690/4 713/4 785/4 792/0 786/4 776/0 722/2 606/2 Prev as High/Low 4908 4530 4615 4290 4290 4225 4200 4250 High/Lo AL 100 tons; \$/ton Dec Mar Mey Jul Sap Dec Mar Mey 1411 1456 1452 1467 1472 1485 1505 1523 High/La 246.9 248.1 247.8 244.2 236.7 229.0 219.5 209.0 246.0 246.2 246.0 242.0 237.0 250.0 219.0 COFFEE "C" 37,500lbs; cents/lbs Close Previous 127,00 125,67 124,27 123,10 127.00 125.85 124.40 123.30 122.00 125.60 125.60 123.25 122.80 121.30 MAKE 5,000 bu min; cents/56th bushe Previous 256/6 269/4 275/6 275/6 256/6 256/0 121,21 120,68 119,65 119,25 MIGAR WORLD "11" 112,000 lbe; cents/fbs. Previous 9.00 11.31 10.97 10.09 10.46 9.36 10.21 10.00 10.13 11.47 11.18 10.87 10.81 9.76 10.84 10.20 WHEAT 5,000 by mir; cents/60to-bushel 11,00 11,55 11,18 10,85 10,58 439/4 430/0 412/4 384/0 388/0 397/0 423/0 423/6 405/6 379/2 362/0 302/0 424/0 423/6 406/4 430/0 412/4 365/0 367/0 10.27 10.14 0 COTTON 50,000; canta LINE CATTLE 40,000 lbs: can Close 58.09 58.09 68.08 57.70 58.49 56.60 56.70 70.67 70.60 72.70 71.40 68.55 68.60 70.77 70.55 72.66 71.32 69.35 71.47 71.47 73.57 72.05 70.07 60.47 60.95 58.00 S7.36 57.70 69.00 LIVE HOUS 30,000 lb; cents Previ High/Lov 40,47 43,72 42,67 47,00 49,49 49,65 42,57 46,85 47,09 46,45 43,75 44.17 43.10 47.42 47.72 47.25 44.35 44.30 43.20 47.50 47.70 47.07 44.50 161.40 157.50 47.25 45.82 43.75 Dag 7 Dec 6 moth ago yr ago 42,82 42,80 44,47 45,70 45,07 52,00 42.90 43.55 45.20 46.50 45.70 52.00 IOW JONES (Base: Dec. 31 1974 = 100)

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Little confidence in equity sectors

IN THE absence of any positive response in the US markets to hir Gorbachev's pledge to cut the Soviet armed forces, UK equities drifted lower in nervous trading yesterday. Market traders, still unnerved by Mor-gan Grenfell's withdrawal from UK market making fell ready prey to a host of speculative suggestions. The UK Treasury denied that Mr Nigel Lawson, tha UK Chancellor of the Exchequer, had resigned, while other wilder tales hinted at a nuclear accident in Saviet Phen nuclear accident in Soviet Russia, or, on a more domestic note, that another major UK trading house planned to reduce staff.

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Accou	st Deeling	Dates
Test Dealings: Nov 28	Dec 12	Dec 28
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Lest Declines: Dec 9	Dec 23	Jan 13
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New Sine deal 9.90 this time but	ago may take shoos days o	pince from triar

decidedly downwards, although selling pressure remained light. Weakness in the US dollar depressed the blue chip international stocks, and consumer stocks suffered further discouragement from a Confederation of British Industry (CRI) survey of opinion in the distributive trade which

expressed pessimism on sales from the US, shaded lower. year by Morgan Grenfell prospects for next year. Reuters provided a weak feamerely confirmed the City's prospects for next year.

The FT-SE Index, down by nearly 20 points at its worst point, closed a net 13.8 off at shares compared with 490.1m on Wednesday.

The closing tone of the equity market was uncertain,

th Wall Street dull in early deals, and the starting axchange rate index finally unchanged after slipping back from its best levels.

Dollar stocks to close lower without seeing much selling pressure included ICI, Glaxo and Unilever. Hanson, despite the strong reception for the trading figures, and support

ture.

Among the day's casualties. British Steel partly paid shares slipped below the 60p issue price, trading finally at 59p; allotment letters to private investors will be posted on Monday. Defence stocks cootin-ued to brush off any implications of the Soviet decision to reduce its conventional mili-

tary forces. Yesterday's spate of nervous speculation indicated the continued concern in the London market over the near term outlook for securities tradiog firms. The losses reported for the first eleven months of this

awareness that most equity and Gilt-edged market makers are failing to make profits in mercilessly competitive trad-ing conditions. County Nat-West, the large market making house, firmly rejected hints in the market that it planned to reduce staff and retrench operations.

Salomon Bros, the US securities house, in its annual survey of prospects for financial markets in the coming year, joined other commentators in suggesting that the UK economy is likely to "decelerate significantly during the next few months".

recent US acquisitions.

Andrew Mills of BZW said he had reduced his full-year fore-cast from £13.8m to £12.5m

because of poor growth at West

German car group BMW, which is Boase Massimi's main

source of earnings in the US.

Chrysalis warned on profits back in the summer but the

14-months' results, reported

vesterday, still disappointing the market and the shares fell

4 to 103p. News of acquisitions,

a rights issue and open offer to shareholders put Expedier Lei-sure down, despite the forecast of resumed dividends next year, and the close was 8 lower

As property stocks continued

to plunge on worries of Job losses in the City and higher interest rates, Speyhawk stood out with a 73 per cent Jump in

full-year earnings to £17.3m

at 96p.

	F	NAN	CIAL	TIME	S ST	OCK	INDI	CES		
	Dec. e	Dec.	Dec.	Dec. 5	Dec. 2	Yéar Ago	1 High	968 Low	Since Go High	impliation Low
Government Socs	86.97	87.24	87.22	86.94	88.90	88.94	91.43 (18/4)	88.28 (12/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.50	98.55	96.51	96.49	97.00	96.52	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1437.1	1451.0	1444.8	1439.0	1439.7	1295.0	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/37)	49.4 (26/6/40)
Gold Mines	178.7	177.6	180.6	180.7	178.7	324.3	312.5 (7/1)	162.7 (22/8)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Di. Yield Earning Yid %(tuil)	5.09 12.86	4.99 12.65	5.01 12.69	5.02 12.71	5.01 12.69	4.83 11.95	•	S.E. A	CTIVIT	Y

P/E Ratio(Net)(+2) 9.38 9.55 9.52 9.50 9.52 SEAO Bargains(5pm) 22,759 21,657 21,039 24,971 20,845 5quity 7umover(5m)† - 863,63 766,90 767,74 1023,53 Equity Bargainst - 21,601 21,216 25,980 21,544 Shares Traded (ml)† - 402.7 418.3 548.5 444.8 Opening 010 am. 011 am. 012 pm. 01 pm. 02 pm. 03 pm. 04 pm. 14489 1443.6 1439.9 1436.8 1437.8 1436.5 1433.5 1436.7 DAY'S HIGH 1448.9 DAY'S LOW 1432.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ±NII 9.34 †Excluding Intr

هكذامن الأحيل

Gilt Edged Bargab Equity Bargains 143.7 143.6 1887.1 London Report and latest

Gilt Edged Bargeins Equity Bergeins Equity Value

5 - Day average

Buyers return at Next

The announcement that Mr George Davies, chairman of Next, and two of his fellow directors, bought more than 250,000 of the company's shares last Friday at 185p revived speculation of a management spectuation of a management buy-out and helped the shares rise sharply in heavy trading. The management buy-out story gained strength last week when Mr Davies warned of lower profits this week lower profits this year, but informed observers say that the management has not even considered bidding for the com-

However, the news of the buying in of shares by Davies, by chief executive David Jones and hy director John Whitmarsh was enough to exclude the state of the stat trade of nearly 7m shares. Sentiment was also helped by a feeling among dealers that the shares have been oversold; at the close Next were 8% higher at 132p. George Davies is known to be meeting with City institutions this week.

Agency worries

Companies in the employment agencies sector were distinctly out of favour because of fears of more redundancies in the City of London financial sector, and continuing concern over the problems of Bine Arrow, which ended the day

1½ lower at 82½p.

Hestair, which fell 17 in the market on Wednesday, issued a statement defending the state of its own employment agency business. Profits in Hestair's UK employment business, said the company, were 38 per cent ahead for the half year to tast July compared with the same period the previous year. The last two months had produced record trading profits for the record trading profits for the business and vacancies regis-tered with the Hestair agencies were at an all-time high. Nev-ertheless, Hestair shares fin-ished 5 lower at 264p. Reed Executive was down 17 to 103p, and Select Appointments lost

15 to 179p. Fresh doubts were thrown on Mr Alan Bond's ability to finance a takeover of Lourho yesterday following the disclosure that American Express Bank held a security interest in 48m shares of Lourho. The interest arises from arrangements to secure the obligations of Bell Resources Finance under a loan deed. Bell, with other Bond companies, holds 21 per cent of the diversified UK trading conglomerate.

Lonrho shares dropped 6 more to 350p, after 346p, although Australian sources continued to speculate on Mr

FT-A All-Share Index



Bond having agreed in princi-ple with several US banks for the funds necessary to launch an offer for Lonrho. Ona researcher said: "The shares have come back a long way from the recent peak but the game is not over yet. We may have to await the New Year for further developments but I still find this a very interesting sit-uation." Volume rose yester-day, finally amounting to 5.4m

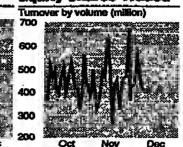
Ultramar, with turnover at a much-larger-than-usual 6.9m, continued to make rapid progress with the shares moving ahead a further 8 to 272p.

Dealers continued to speculate on whether the three parties, Montreal-based Noverco and Unigesco, acting in concert with Banque Paribas, which recently revealed a 4.3 per cent stake, had been back in the market to top up their joint holding.

The general concensus was that the three groups had been buying more shares and there was also general agreement that an eventual break up of Ultramar, with the participation of Sir Ron Brierley, a near-14 per cent shareholder, and Premier, with 2 per cent, would eventually take place.

Carless Capel remained the focise of attention as Transpar Chouse Rouse Sevented R had raided the market late on Wednesday and picked up a 10.4 per cent stake (18.7m shares). The purchases showed up on the overnight Seaq ticker which revealed activity totalling around 18m Carless shares, But Carless' share price dipped back 2 to 107p, after 104%p as Trafalgar House said it had no plans to bid for Carless but planned discussions on

Equity Shares Traded



co-operation over their energy interests.

Trafalgar said the talks depended on the 115p a share bid from Kelt energy, lapsing. Kelt shares dropped 2½ to 28p, while Trafalgar House gave np interests.

81/4 to 291 1/4 p. There was plenty of action in the insurance brokers where Hogg Robinson dipped to 147%p, in the wake of a determined seller according to traders, before staging a sustained a strong recovery which left the shares a net 3 higher at

Scottish & Newcastle (S&N) hardly flinched at Lord Young's decision to refer the acquisition by Elders DXL of shares in S&N during the past six months to the Monopolies & Mergers Commission for investigation and report under the provisions of the Fair Trad-ing Act. The referral, described as "hardly surprising" by a leading marketmaker, caused some nervous holders to reduce their commitments but the sales were absorbed without too much difficulty and S&N closed only marginally

easier at 333p.
A clutch of recommenda-tions to buy Bass after Wednesday's good annual results went unheeded and the shares drifted easier in company with other Brewery lead-

ers to end at 773p... The housebuilders endured another day of persistent and often heavy selling pressure which produced big losses across the sector. Countryside plummeted 18 to 225p, and Federated Housing dropped 10 to 215p. Trafalgar House's move stake in Carless Capel, the oil group was interpreted by the market as bearish for Costain,

NEW HIGHS AND LOWS FOR 1988

APPOINTMENTS

NEW HOME (14).

RASHES (1) CT-DO, HDA, Likewhich Beak,
EMGRESHORG (1) StG. FOODE (1) Barr
(A.C.), NEUSTINALS (3) ANA-Luval AS E.,
Radinan Mobil, Sandore & Sidny, LESSURE
(1) Virgin Grp., NEWSTAFERS (1) Daily
AGE A., PROFERTY (2) Landon Shop, Do.
POC CA. 784-78, Do. 9.25cc 79-74, OK.S.
(1) Barrack Energy, OVERVEAS TRADERS
(2) FEA HIGGS.

1) Burrand (1) Bur

Bhushkul Toya, Cartro, Engle Tst., Etewick, Harlows, Howitt (J.), Hodgeon Hidgs., Keep Tst., Kleen-E-Ze, Meineset, Metville, Nhitt Comp., Noreros, Parkfeld Grp., Pergamen AGB, Reed Exc., S.E.P. Ind. Hidge., T & N., TT Grp., Tameris, Thomson T-Line, N., TT Grb., Tameria, Thomson T-Line, Tomisira, Williams Hidg, 5-5pc Cv. Pt., Wite 6rp., YrM, RISURANCE (2) Pearl, San Lile, LERRINE (1) Brent Walker for Pt., MOTORS (1) March Grp., MEMSPAPERS (2) PAPERS (14) PROPERTY (8) Balver Harris Saunda, City Ggns Esta. Commission Esta Annie. City Gere Esta., Cormobe Est. Agts., Deres Ests., Merchant Menul. Esta., Rockfort Grp. Savilin, Sincialr Goldsmith, Westfield. Gespring (1) P & O Sub Warrants, SHOES (1) Headlern Gime, TEXTILES (2) Lowe (R.H (1) Housdam Sino, TextLes (2) Love (R.H.), Manton Grp., TRUSTS (18) CB.S (1) Kolt Gpc Cv. Pt., OVERBEAS TRADERS (2) Peterson Zock, Do. 'A', Minics (8) THIND MARKET (3) For East Res., Kemp (P.E.), Ovece Solt.

where Trafalgar holds a significant stake, which dipped 7 to

209p. Interim figures from Phoenix Timber were below market expectations and the shares retreated 12 to 76p.
Selected stores regained

their poise despite further downgradings and pessimistic sales forecasts from the CBL GUS saw its "A" shares slip 10 to 936p after releasing first half profits of £158m, at the bottom end of expectations. The com-pany said the postal strike adversely affected its earnings, but dealers were generally dis-appointed with the figures and predicted more downgradings. GUS also announced plans to buy back 15 per cent of its own

As investors turned to quality stocks Burton and Marks and Spencer rose against the trend, closing 3 firmer at 177p and 2 better at 143p respectively. Strong & Fisher, the leather producer whose bid for Pittard Garner has been referred, dropped 10 to 221p amid speculation that it might have to to raise its offer for Pittard if foods group Hills-down goes ahead with its threat to launch a rival bid. Hillsdown closed 5 lower at

2401/2 and Pittard 2 off at 198p. Johnson Matthey turned in profits in line with analysts' forecasts but finished 4 down at 365p. Pre-tax interim profits were £31.5m against £30.5m for the same period the previous year, Mr Robert Sassoon of County NatWest WoodMac claimed the figures reflected the benefits of rationalisation achieved by the management. He said the company was, well-placed to realise its existing growth potential in the 1990s

The glassmaker Pilkington produced better half year profits at £138.8m, against £122.1m, hut the top market estimate was in excess of £150m. Mr Antony Pilkington, chairman, stated he could live with the high pound and high interest rates. The market was less confident and the shares fell 13 to 194%p.

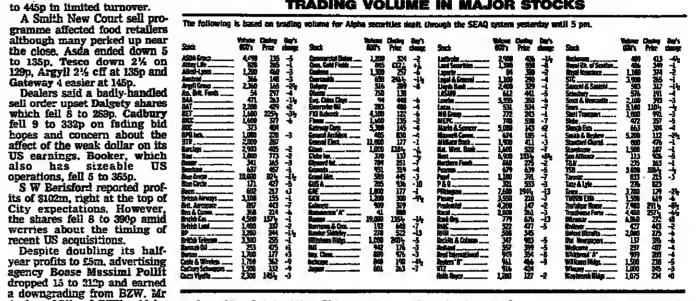
News that Plessey has gained a temporary injunction in the High Court restraining GEC and Siemens from pursuing their joint bid for Pl caused a sharp retreat in Ples-sey's shares which dropped to 208p before steadying and closing a net 7 lower at 210p.

The injunction remains in

force until Monday when a court hearing will resume. The worry in the market, according to dealers, is that the bid which is being investigated by European Commission authori ties, could possibly contravene the Treaty of Rome. The dull tone of the market

was reflected in the lack of reaction to Grand Metropolitan's full-year profits of £575m, which were in line with City expectations. The shares fell

TRADING VOLUME IN MAJOR STOCKS



and a rise of 4 to 315p. The figures pleased most analysts, although the company's deci-sion take its development portfolio through into its invest-ment portfolio — a move which increased the net asset value and reduced the group's gear-ing in one stroke - left some dealers unhappy.

Other properties were generally weaker, with Rosehaugh riding a roller-coaster in the wake of the 450 redundancies at Morgan Grenfell. After a firm opening, tha sbares plunged 19 before a late recovery saw them close down 12 at 546p. Despite Rosehaugh's weakness, analysts at Warburg Securities remain keen on the stock, which they regard as cheap on fundamentals. Second-liner London Shop

advanced 12 to 318p after the

company reject the increased offer from Peel Holdings, which currently holds 30 per cent of its target. Peel closed

down 3 at 297p.

The Investment Trust sector was enlivened by an agreed bid for Edinburgh Fund Management (EFM). The shares climbed 22 to 198p on news of the 185p-a-share cash bid from British Investment Trust, The deal will give BIT between 51 per cent and 55 per cent of EFM. One analyst said the deal makes EFM attractive because it will take control of \$600m of BIT funds, increasing the funds it manages by 80 per cent without any earnings dilu-

Argyle Trust, long the subject of takeover talk, rose 12 to Newcastle-based radio sta-

interest on the early count, the call up slightly, the puts down slightly. Other market statistics,

including FT-Actuaries

Share Index and London Traded Options, Page 30

tion Metro Radio enjoyed a

sound debut, the 1.8m shares

on offer earning a healthy 20p premium on the placement

price of 110p, after opening at

127p-bid. Activity in traded options

fell back from the exceptional

level of Wednesday, but still reached the relatively high fig-

ure of 43,808 contracts - half

as much again as the mid-sum-

mer average. Hanson was the most heavily traded individual

stock with 5,228 calls and 1,006 pnts handled, hut it showed

only a modest change in open

FT LAW REPORTS

No double tax on racing claim PENNINE RACEWAY LTD v KIRKLEES METROPOLITAN BOROUGH COUNCIL The method adopted by the ing compensation, should have estimated to the best of its ability the amount of additional them together. It assessed the taxation which Rought would taxation which Rought was to take each of the pears up to 1979 and add the more taxation which Rought would taxation which Rought would taxation which Rought would taxation which Rought was to take each of the pears up to 1979 and add the more taxation which Rought would taxation which Rought was to take each of the pears up to 1979 and add the more taxation which Rought was to take each of the pears up to 1979 and add the more taxation which Rought was to take each of the pears up to 1979 and add the pears up to 1979 a

Court of Appeal (Lord Justice Croom-Johnson, Lord Justice Ralph Gibson and Lord Justice Stuart-Smith): December 2 1988

COMPENSATION BY a local

authority for loss caused by revocation of planning permis-sion should include the tax to which the claimant would have been subject had he suffered no loss, unless it is abso-lutely clear that the compensatory sum will be not be taxed. And where the sum is derived from depreciation of an asset in the form of a licence to use the land, it should be assessed gross by reference to loss of profits, in that there is a possi-bility, though not a certainty, that it may be taxed as a capital gain or as income.

The Court of Appeal so held

when allowing an appeal by Pennine Receway Ltd from a Lands Tribunal decision that compensation payable by the Kirklees Metropolitan Borough Council for loss caused by revocation of a planning per-mission should exclude what would have been deducted in tax had the income not been

LORD JUSTICE CROOM-JOHNSON said that an airfield at Crosland Moor, Huddersfield, was owned by Mr Whi-tham. He granted Pennina a licence to use it for drag racing. Two-day meetings covering 14 days a year were covered by planning permission.

Meetings were held on the airfield in July and August 1974. Under the licence Pennine was to pay Mr Whitham 2500 per meeting except for the first full year.

lost

In November 1974 Kirklees Council directed that the previ-ous permission should not apply. Pennine's appeal to the Secretary of State was dismissed. Pennine claimed compensation under section 164(1) of the Town and Country Planning Act 1971.

Section 164(1) provided that where planning permission was revoked, if it was shown that a person "interested in the land" had sustained loss directly attributable to the revocation, the local planning authority should pay him compensation.

The principal item claimed by Pennine was for loss of income. It limited the claim to loss of profits for the individual years up to 1979, because since 1980 drag racing had been hit by the recession, rising costs, and unemployment.

actual lost profits at £202,744. It then made a further adjust-ment "to reflect the corporation incoma tax which would have been payable by the company if those profits had in fact been earned in the relevant years". It accordingly deducted figures totalling £102,407.

The deductions were expressly made on the princi-ple of British Transport Commission v Gourley [1956] AC 185, which was followed in West Suffolk County Council v Rought [1957] AC 403.

Pennine did not appeal. It assumed that since tax had been deducted in arriving at the figure for compensation, there would be no further liability to tax. On April 1984 the time for appealing expired.

The Inland Revenue took a

different view. On October 9 1986 it wrote to Pennine stat-ing that it considered the sum was liable to taxation, although it was not sure what kind. It said it must consider whether the compensation was chargeable as trading profit or capital gain. Faced thus with double-taxa-

tion Pennine obtained an extension of time for a case to be stated by the Lands Tribunal. On August 28 1987 the Revenua wrote again. It said the compensation would be taxable as s capital gain.
On December 3 1987 tha
Lands Tribunal stated a case.

It asked, inter alia, whether it had erred in holding that the profits must be adjusted to reflect the corporation income tax which would have been payable by Pennine had they been earned in the relevant

In Gourley a large part of the damages was referable to the plaintiffe loss of earnings, and would be free of tax when received by him. The House of Lords held that since the liability to pay income tax on earnings was a liability established by law, the plaintiff could only claim as his loss such sum as he would have received after deduction of tax. Otherwise ba would be

receiving a windfall. In Rought an important point was that the Inland Revenue had made it plain no income tax was chargeable on the compensation.

To ensure that Rought should not recover greater compensation than represented its real loss, the House of Lords applied Gourley and held that the Lands Tribunal, in assesshave had to bear if it had actually earned the amount it had been prevented from earning. In Stoke-on-Trent City Coun

cil v Wood Mitchell [1980] 1 WLR 254 the Court of Appeal upheld the Tribunal's decision that since Wood Mitchell was lisbie to pay corporation income tax on compensation for disturbance by compulsory purchase, it was entitled to compensation without deduc-

tion of tax. The significant distinction hetween Wood Mitchell and Rought was that in Rought the Inland Revenne had made it plain no income tax was

chargeable on the compensa-tion, whereas in Wood Mitchell no such assurance had been forthcoming.
In Wood Mitchell Lord Justice Roskill said that if the Revenue levied tax after it had already been deducted from the award, Wood Mitchell would suffer donble taxation and that would be an injustice.

He said the Rought principles could only be applied if, after examination of the relevant statutory provisions, it was "clear beyond peradventure" that the sum would not be taxable in the claimants' hands. Pennine submitted that in view of the uncertain attitude of the Inland Revenue to its compensation, the same approach should be adopted in the present case. But, it said, prima facie the sum was liable to be taxed as

income, because the annual sums would have been credited in each year to the profit and loss account. The other way of looking at it was as a capi sum, in which case it would be liable to corporation tax on chargeable gains under section 20 of the Capital Gains Tax Act 1979. The council contended that it was "clear beyond per-adventure" that the award would not be taxable, although was a capital sum.

In Glenboig Union Fireclay

(1922) 12 TC 427 the House of Lords held that compensation for loss of rights to work fireclay deposits under a railway line was capital, not income, for the purpose of assessing excess profits tax. But for capital gains to be incurred the asset must be "chargeabla" within the 1979 Act and must be "disposed" of under section 19 and 20.

Section 20(i) provided that there was a disposal of assets by their owners where any cap-ital sum was "derived" from

way of compensation for .

depreciation . . . of an asset The question was whether the capital sum was "derived" from the asset. Mr Mathew for the council submitted it was not. He said it was derived from the council's statutory ohligation to pay compensa-

One must look in each case to see whether the capital sum was "derived" from the asset or from something else. One had to look for the real (rather than the immediate) source of the capital sum (see Zim Properties (1987) 57 TC 371,391). Pennina had an asset which

was the licence, and that asset depreciated in value when the planning permission was revoked. For that depreciation was entitled to a capital sum by way of compensation, and its right to compensation was given because its asset (which made it a "person interested in the land") had sustained ioss directly sttributable to revocation of the permission. It was clear that the capital

sum was "derived" from the asset. That was the view of Pennine and the Inland Reve-nue, and they were right. It followed that the council's submission that no capital gains tax would be payable failed. The court had not had the benefit of any argument from the Inland Revenue as to whether the sum was capital. The point was reserved for further consideration should it ever arise. The council should pay the compensation gross. leaving it to the Revenue and

Pennine to solve the problem together The appeal was allowed

LORD JUSTICE RALPH GIB-SON concurring said that the right course was for compensation to be assessed in the gross sum, calculated by reference to loss of profits. Since Pennine would be left to deal directly with the Revenue as to its tax liability on the sum awarded, it was better that the court expressed no final view as to whether that sum was a capital or revenue receipt.

LORD JUSTICE STUART. SMITH also concurred. For Pennine: William Massey (Booth & Co, Leeds). For the council: Robin Mathew (Sharpe Pritchard & Co Jor MRG Vause, Kirklees

Metropolitan Borough Council).

Rachel Davies Barrister

Senior post at Royal Insurance

Mr Alan Horsford, group chief executive, ROYAL INSURANCE HOLDINGS, is to retire on April 30 and will be succeeded by Mr Ian Rushton, Mr Rushton was appointed a director and a general manager of Royal Insurance in 1986 and in April 1988 he became a director and deputy group chief executive of Royal Insurance Holdings, the group's newly-formed non-insurance holding company. He is also senior vice president of the Institute of Actuaries.

Mr Patrick Taylor is to join CAPITAL RADIO as finance director on February 1. Since 1986 he has been finance director of the Langdale Group.

Mr Stanley Porter, financial . director of Manchester Evening News, has been made a non-executive director of BROADCAST COMMUNICATIONS.

🗷 Mr Alun John, a divisional managing director, has joined the main board of NORBAIN ELECTRONICS.

■ The GENERAL PORTFOLIO GROUP has made the following appointments: Mr Bill Stuttaford and Mr Clifford Hymans have become



Mr Ian Rushton

non-executive directors, while Mr Bob Green is made er services directo Dr Rainer Putz has joined the board as European director. Mr Mike Achilles and Mr Peter Katz have been appointed associate directors.

MERCHANT NAVY INVESTMENT MANAGEMENT has appointed Mr Anthony A. Charlwood, Ms Juliet A. Cogswell and Mr Geoffrey R. Henry as directors.

Mr E. Lewis will become managing director of IMI RADIATORS on January 1 in ssion to Mr D.F. Allison who is retiring. He is managing director of Eley, another subsidiary of IMI.

Mr Mike Burrage, previously sales director, has been appointed managing

director of LEADERFLUSH DOORS, a member of Whitecroft's huilding products division. He succeeds Mr Alan Dow who has left the group. At Parker Winder & Achurch, another Whitecroft company, Mr Howard Waugh has become managing director.

THORN EMI COMPUTER SOFTWARE has appointed Mr Neil Flynn as its UK sales director. He was southern regional sales manager.

Mr J.J.G. Good has been of the HIGHLAND

■ The CO-OPERATIVE BANK has made a number of senior appointments. Mr Richard Samways moves from head of group development to general manager, customer services centre, Skeimersdale. The following have become regional general managers: Mr Lyndon Watkins, South Wales, South West and South, Mr Henry Colyer, Midlands, Mr Kenneth Dyson, London and South East, Mr John Cowburn, North West, North Wales, and Yorkshire, Mr Jack Bromehead, North East and

Following the completion of the acquisitions by Rockware of Presspart and Decorpart, Mr H.A. Cann, previously chairman of the two companies, has been appointed to the ROCKWARE GROUP board as a non-executive director.

Scotland.

United Newspapers

■ Lord Stevens of Ludgate, chairman of UNITED NEWSPAPERS, will become executive chairman when Six Gordon Linacre retires as chief executive at the end of the year. Sir Gordon continues as deputy chairman of United Newspapers and chairman of the Yorkshire Post

am Wilson, and Mr Clifford Jakes, will increa their responsibilities in a

Newspapers. Mr Wilson, the financial director, will be responsible for United's information services companies, as chairman of both Extel Financial and Extel Sports in

Britain and of Dealers' Digest

and PR Newswire in the US.

Mr Andrew Cameron and Mr Michael Toulmin, main board directors, will be responsible for the newspaper divisions, Mr Cameron for the national newspapers as managing director of Express Newspapers and Mr Toulmin for the regional papers as chairman and chief executive of United Provincial

New chief for

ewspapers. Two executive directors, **Mr** reorganisation of the operating All the company's magazine interests will be grouped under

Mr Jakes as managing director-publications of United

Newspapers.

AUTHORISED UNIT TRUSTS

5|5652 5852 62,32|467|205 5|1625 1826 19,44|601|1,29 5|90,22 90,22 96,09|40,11,68 5|145,21,42|155,141,001 5|27,43 21,125,9|46,029 5|27,43 27,43 27,22|02,089

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Barelays Unicom Ltd (1900)H

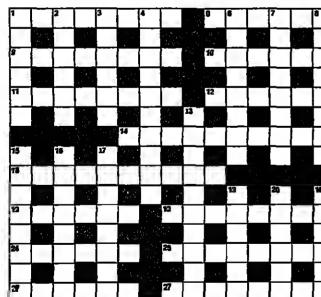
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CCL Unit Trasts Ltd (1400)F High scores 5144.96 45.58 46.491-0.371 6.1
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American 6193.24 100.8 107.8 1-0.30 93
Crewellian 6194.4 19.47 20.22 102.84 4082.63
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Megal set, Equity 6127.03 27.35 27.200.0203.32

CROSSWORD

No. 6,807 Set by GRIFFIN



ACROSS

1 Poem composed by first person in strange store (8)

5 Read back about two pages,

being smart (6) 9 Gratuity to employees of sheriff's officer (8) 10 Terrifying female has about

a quarter gross stewed (6) 11 Clergyman takes tea without milk (8) 12 Frail stable behind home (6)
14 Run it cost free with right

teacher (10) 18 Tories rule badly, lacking resolve (10) 22 Shun note about cold she

wrote initially (6) 23 Entertainer has house in the middle (8)

24 On fish, not duck, boy gets plump (6) 25 "Potter's art class first" I

scream rudely (8) 26 Considered getting something done about me (6) 27 Gas made chicken dressing go dry internally (8)

DOWN

Tempt naughty niece to go without shirt (6)
 Widely-liked but non-U timber supplier (6)

3 A noise which amuses baby (6)
4 Disagreeable idler funny when drunk (10)

6 Artist raised gun to a terri-bly heroic sailor (8) 7 Forecasts credit turnover in postscript (8)

15 is raising loan; engineer

17 Collect a dress? Bless met (8)

20 Ascending in gear is an offence (6)

ACCURATE SPROUTS OF W UP H
PENTAGON ALLEGE
ESDEAYNO
CREPE DPPRESSOR
TR NER 1
AVERSE DWINDLE
DE 1 S 1 S
INSIGHT AGEDLD
S N 1 B 1 A
PRACTICES D1G1T
L C F K 0 1 F T
AUTHOR FLORENCE
C O U Y G C N
ERNEST REVERENCE

8 She needs a pink army form (8) 13 Travelling in state Roy

needed writing materials (10) admitted being gagged (8)
16 Cherub recollected accepting yellow-backed pamphlet

19 Go through uplifting tune

21 Youth centre is non-members by agreement (6)

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GUIDE TO UNIT TRUST PRICING

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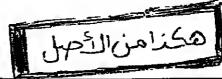
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● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

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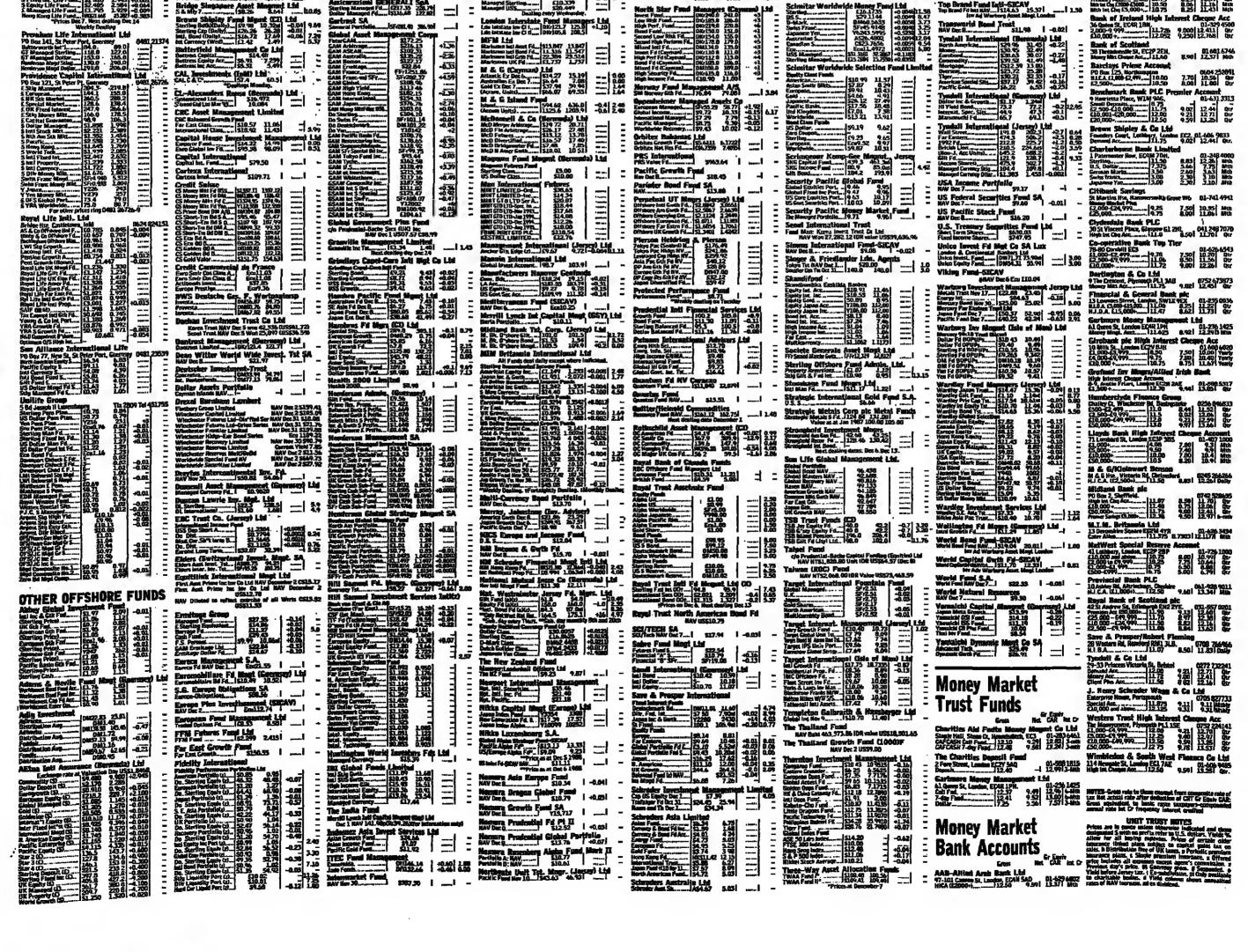
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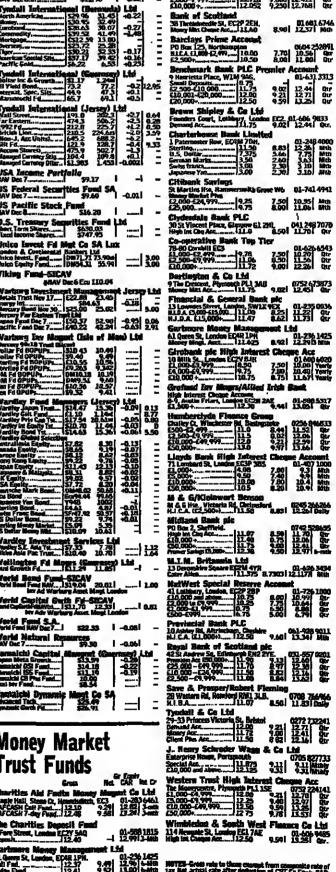
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LONDON SHARE SERVICE **FOREIGN BONDS & RAILS BRITISH FUNDS** BRITISH FUNDS -- Contd Price |+ ar Yight "Shorts" (Lives up to Five Years) Index-Linked **AMERICANS** Ф (1) (2) | Sec. 16 | Sec. 26 | Sec. 124.117 2 Treas 2pt II. 9084.6.
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87 8 7 1 Do. 2 pt 2683.0. Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (0) Figures in parentheses show RPI base mooth for indexing, (if 8 months prior 10 focus) and have been adjusted to reflect rebasing of RPI to 100 in January 1767. Conversion factor 3,945. RPI for March 1988:104.1 and for October 1988:104.1 13 k ESS S1
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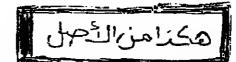


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42 Ballife Giff. 35, 54 127.5 1.0 4.6 2.6 1.7 112.41 0.927.6 13.4 1.4 3.6 77 - 55.0 - 8.7 | 57.0 - 8.7 | 57.0 - 8.7 | 57.0 - 8.7 | 57.0 - 8.7 | 57.0 - 8.7 | 57.0 - 1.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 **PLANTATIONS** THIRD MARKET + or Dir Y'ld SSIAngto-East Plants. v 70/8ertam 10p. v 70/08ertam 10p. v 47/Cons. Plants MSO. S. v 43/Grand Central 10p. v 77/larvious lifty Pl. MS1 v 43/Hightands MSO c. v 54/Kulis Kepong MS1 v 33/kmdu Hidgs 5p. v MOTORS, AIRCRAFT TRADES 81 -1 1.2 1.4 2.3 61 -1 1.2 1.4 2.3 61 -1 19.8 2.5 2.5 119 0.18 1.7 5.0 47 -1 19.8 2.5 2.5 47 0.10 0.8 4.3 82 90.5 0.4 3.7 48 10.38 2.4 0.9 67 -1 1.5 1.4 3.0 127.0 21 Land, etc.

Price - | 10.83 | 0.14 | 4 | 4 | 7.75 | 10.83 | 0.14 | 4 | 4 | 7.75 | 10.83 | 0.14 | 4 | 4 | 7.75 | 10.83 | 0.14 | 4 | 7.75 | 10.83 | 0.14 | 4 | 7.75 | 10.83 | 1.24 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 Commerciai Vehicies 631 50.0 officianis Arrow.

Officianis Ar 44 ½ Lesile t5t. 40 Maricvale RO. 25. 5 ½ Mitodor 8 Gold Hidgs. 30 Mrand Ent & Empl 50c. 80 Moodepoort Gold. 485. African Ld. 35c. 47 Mai/fontelo 20c. 5 74 Winkel Mark RI. 200 Fleming Claimhost...
90F Jeming Claimhost...
90F Jeming Enterprise...
130 Fleming Enterprise...
153 Fleming Fletdgeling...
153 Fleming Fletdgeling...
154 Fleming Japan...
155 Fleming Oversea...
156 Fleming Oversea...
156 Fleming Oversea...
157 Fleming Oversea...
158 Fleming Oversea...
159 Fleming Oversea...
150 Flem **NEWSPAPERS, PUBLISHERS** D.F.S. 175 1068d 1.0 8.8 415 2310; 2.417.0 # 123 0115: 22 7.7 ¶ 114 25 015: 45 3.4 425 025: 45 3.4 425 0115: 413.6 149 Seatrix Mines; 378F S, Dom. Gold 50c. 110 Free State Dev. 10c. 298 Harmony 50c. 106 Joe! (H. J. Gold 80.01. 1280o. Class 8 U989 0a. 112 Loratine R1. 589 St. Heiena R1. M7.2 M2.6 1.7 F3.44 14.52 The second secon | 1965 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1911. 19th. Chen 8 (1900 by 1 1952 | 1903 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 | 1905 |

EUROPEAN OPTIONS EXCHANGE

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar runs out of steam

THE DOLLAR fell hack in Y123.35 Elsewhere, it finished currency markets yesterday, as the firmer tone generated on Wednesday faded away. Dealers were quick to point out that many investors had overreacted to comments hy Mr Mikhail Gorbachev, the Soviet leader, about troop reductions.

A possible cut in US defence spending is regarded as a medinm to long term influence, and although Wednesday's firmer trend exerted a squeeze on dollar short positions, there was no follow through in yesterday's markets. Consequently, a modest round of dollar sales by the Bundesbank at the Frankfurt fixing, managed to convince most investors that the dollar's underlying hearish tone

Attention is now likely to focus on the release of US trade figures for October, due next Wednesday. The dollar was trading just above DM1.7500 before the Bundesbank fixing, but the Bundes-bank's decision to sell \$31.6m at the fixing caught many investors off balance, and the US unit fell below below US unit fell below below DM1.7500. The softer tone continued, and the dollar broke through a key support level at DM1.7450, to finish at DM1.7415, down from DM1.7600. It was also weaker against the yen at Y122.50 from

2 1	N NEW Y	ORK
Dec.8	Latest	Previous Clase
mosth mosths 2 mosths	1.8540 - 1.8550 0 52 - 0.51pm 1.70 - 1.68pm 5.89 - 5 79pm	1.8400-1.8410 0.54-0.51pm 1.70-1.66pm 5.92-5.82pm

	Forward prentiums and discounts apply to the US dollar STERLING INDEX							
		Dec.8	Previous					
8.30 9.00 10.00 11.00 Moss 1.00 2.00 3.00 4.00	am am	78.6 78.7 78.7 78.7 78.8 78.8 78.8 78.8	78.7 78.7 78.8 78.7 78.7 78.7 78.7 78.6 78.7					

Dec.8	Bank rate	Specia.P Drawing Rights	European Corrency Unit
Sterling U.S. Doullar Canadian 5 Austrian Sch. Belgian Franc. Banish Krone. Deutsche Marh. Reth Gullder French Franc Japanese Yen. Japanese Yen. Japanese Yen. Spenists Peseta Swedish Krone. Spenists Peseta Swedish Krone. Greek Drach. Jerk Drach. Jerk Drach.	65754 - 5-7-3 922 8 20 - 5-7-5	0.735914 1.36122 1.63387 16.7226 49.8207 9.15080 2.37982 2.68296 8.11900 1.756.40 166.749 8.81662 154.411 8.23662 2.00167 197.608	0 643163 1,19907 1,42631 14,6354 45,5947 8,02099 2,08170 2,34724 7,30710 1536,67 145,175 7,73048 135,055 1,74963 1,74963 1,73,210 0,778866

CURRENCY MOVEMENT							
Dec.8	Bank of England Index	Morgan ^{co} Guaranty Changes %					
Sterfing U.S Dotter Canadias Dollar Austrian Schilling Belgian Frace Donsk Krone Deutsche Mark Swits Frace Guilder French Frace Lira Ven	76.7 92.9 84.2 135.9 98.8 145.8 168.4 134.1 45.3 45.5	-13.7 -13.7 -2.4 +7.9 -0.2 +20.2 +20.1 +13.5 -15.4 -20.2 -20.2					

Dec.8	£	S		
Argentica	23.9995 - 24,1575	12 9100 - 12 9900		
Australia Brazil		L1455 - L1465 622 75 - 625 90		
Fioland		4.1010 4 1030		
Greece	266,70-271.20	144 20 - 146 85		
Hong Kong .		7 7995 - 7.8015		
Korea(Sth)	. 125 20° . 1257 30 • 1267.40	67 15° 682 70 688 30		
Kuwart	0.52120 - 0.52170	0.28075 - 0.2808		
Liberatuury		36 45 - 36.55		
Malaysia	. 4 9870 - 4 9940	2.6830 - 2.6850		
Merko	4238.50 - 4247.55	2280.00 - 2284.0		
N. Zealand . Sauch Ar.	28640 - 28690	1 5455 - 1 5460 3 7505 - 3 7515		
Singapore	3 6030 - 3 6090	1.9400 L9420		
S AJ (Cm)	4 3370 - 4 3490	2 3430 - 2 3460		
5. Af (Fm)	6.9220 - 7.0535	3.7385 - 3.8095		

at SFr1.4655 from SFr1.4800 and FF15.9475 against FF16.0100. On Bank of England figures, the dollar's exchange rate index fell from 93.4 to 92.9. Sterling finished unchanged

on the day. Its exchange rate index closed at 78.7, compared with 78.6 at the opening and 78.7 on Wednesday. It was firmer against a weaker dollar but failed to make any progress against the D-Mark investors were cautious at the start of trailing as the sayed address. of trading, as the pound edged further towards the DM3.24 level, at which point many expect the Bank of England to intervene. Consequently, many investors took the opportunity to take profits, and sterling closed at DM3.2225, down from DM3.2375 and Y226.75 compared with Y227.00. It was also lower against the French franc at FFr11.0075 from FFr11.0575

and SFr2.7125 from SFr2.7225. However, it rose against the dollar to finish at \$1.8510 from Part of the downward trend was sparked off by rumours, later officially denied, that Mr Nigel Lawson, the Chancellor had resigned.

The yen was confined to a narrow range against the D-Mark, but many traders expect the West German unit to fall below Y70.00 before too long. The yen has been depressed just recently by dollar support given by the Bank of Japan, and the failing health of Emperor Hirohito. However, continued strong economic growth in Japan provides some support for the yen and should enable it to improve against the D-Mark.
The D-Mark closed at Y70.34
compared with Y70.11 on

The French franc showed little change against its EMS trading partners, with the D-Mark closing at FFr3.4150, the same as the close on

		central Ecu		% change from central rate	adje		intractice inst: %
Belgian Fran Danish Kron German D-M French Fran Dotch Guilde Irish Pent Italian Lira,	lark	42.45 7.852 2.058 6.904 2.319 0.7684 1483	912 8,0209 953 2,0807 903 7,107 903 2,347 911 0,7788	9 +215 1 +106 0 +294 4 +120 6 +136		0.26 -0.83 -0.05 -0.69 -0.53	1.5344 1.5404 1.0981 1.3674 1.5012 1.6684 4.0752
	ND S	2.5	FORWAR	D AGAIN	%	Three	1 %
IS	67.50 - 12.43 4 - 1.2080 - 3.22 -	1.8605 2.2165 3.65 67.95 12.474 1.2136	1.8505 - 1.8515 2.2080 - 2.2090 3.63 - 3.64 67.50 - 67.60 12.43 \(- 12.44 \) 1.2090 - 1.2100 3.22 - 3.22 \(- 26.20 - 3.69.25 \)	0.54-0.51cpm 0.46-0.35cpm 2½-2½-cpm 37-2½-cpm 5½-4½-crpm 0.60-0.50cpm 2½-2prpm 6pm-38tdis	9.4. 3.40 2.20 7.43 5.86 4.94 5.46 7.68 9.98	1.70-1.65pm 1.14-1.01pm 6.3-65pm 104-93pm 154-145pm 1.60-1.50pm 6-4-65ppm 13pm-876p	7.47 5.80 4.92 5.13 7.68

EMS EUROPEAN CURRENCY UNIT RATES

DOLL	AR SPOT-	FORWAR	D AGAIN	IST	THE DOL	LAR
Dec.8	Oay's spread	Chase	Our month	4	Three martin	P.A.
Strelandrassassassassassassassassassassassassass	18405 - 18405 15240 - 15365 11900 - 11890 16010 - 19790 36.40 - 36.75 5.70 - 6.764 1.7375 - 1.7560 1.7375 - 1.7560 1.1250 - 113.75 1.250 - 113.75 1.250 - 113.75 1.250 - 1234 6.424 - 6.650 1.2230 - 1234 6.424 - 6.050 1.2230 - 12305 1.2230 - 12305	18505 - 1.8515 15330 - 1.5340 1 1936 - 1.1440 1 1936 - 1.9445 3 4.45 - 3 4.55 6 7.14 - 6 7.24 1.7410 - 1.7420 1.444 - 1.444 112.95 - 113.05 1.284 - 1.285 6.474 - 6.474 5.945 - 1.95 6.024 - 6.04 1.245 - 1.225 1.227 - 1.228 1.4550 - 1.4650	0.54-0.51cpm 0.30-0.35cms 0.30-0.14cdis 0.370-0.67cpm 8.50-6.5cpm 1.10-0.70cresu 0.65-0.62cpm 35-05cdis 10-3.5cms 0.82-0.77cpm 0.20-0.40credis 0.54-0.51ppd 5.05-0.51ppd 5.05-0.52cpm	349 345 4145 4145 145 145 145 145 145 145 145	1.70-1.66pm 0.59-0.66dis 0.49-0.53dis 1.85-1.81pm 2.00-18.00pm 2.30-1.80pm 1.75-1.72pm 1.75-1.72pm 1.75-2.00dis 75-85dis 8.50-9.56dis 3.80-4.10dis 1.60-1.55pm 1.30-1.70dis 1.30-1.70dis 1.30-1.00pm 1.30-1.00pm	3.63 -1.60 -1.77 -2.18 -1.22 -2.44 -2.82 -2.74 -2.57 -4.84 -2.57 -4.84 -2.57 -4.84 -2.57 -4.84 -4.84 -4.84 -4.85 -

Sterling	*	124-12 83-83 10-94 54-54 44-44 74-75 13-10 73-74 74-74 74-74 74-74	8, 10 5, 41 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7	123 143 144 141 141 141 141 141 141 141 14	13-12-13 92-93 101-10 53-53-53 53-53-53 121-73 121-	1055558117748	134 134 134 134 134 134 134 134 134 134	134-1 94-9 114-15 54-5 84-8 124-1 774-7 42-8 94-9	1 1	34-13 14-104 15-54 15-54 15-54 15-54 15-54 15-77 15-64 15-77 15-64 15-77 15-64 15-77 15-64 15-77 15-64 15-77 15-64
Long te ears N/A p	rm Eurodo er cent, ac				i for US O				94-9½ pa	r cent; firm gs' mosice.
			(One	MOE	Cit	33	MIL			
Dec.8	٤	5	OM	Yes	F Fr.	S Fr.	H FL	Lira	CS	8 Fr.
£	1	1.851	3 223	226 SI	11 008	2713	NA.	7379	2 200	47 66

EURO-CURRENCY INTEREST RATES

Dec.8	٤	5	OM	Yes	F Fr.	S Fr.	H FL	Lira	CS	B Fr.
ŝ	0.540	1.851	3.223 1.741	226.8 122.5	11.008 5.947	2.713 1.466	3.635 1.964	2379. 1285	2209 1193	67.5 36.4
NAY MAY	0.510 4.409	0.574 8.161	14,21	70.37 1000.	3.415 48.54	0.842	1_129 16.03	738.1 10499	0,685 9,740	30.96 297.8
F Fr. S Fr.	0.908 0.369	1.682 0.682	2928 1 188	206.0 83.60	10. 4.058	2.465	3.302 1.340	2161 876.9	2.007 0.814	61.74 24.91
H FI. Lira	0.275 0.420	0.509 0.778	0.887 1.355	62.39 95.33	3.028 4.627	0.746 1.140	1.528	654.5 1000.	0.608	18 57
C S 8 Fr.	0.453 1.480	0.838 2.740	1.459	102.7 335.8	4,983 16,30	1.228	1.646 5.381	1077 3522	3.270	30.56 100.

FINANCIAL FUTURES

A weaker trend on Liffe

ing fresh factors, and taking the view that Wednesday's

reaction to promised arms cuts

was probably overdone.

March US Treasury bonds
opened weaker at 88-31, and

closed at the day's high of 89-07, but still below Wednes-

day's finish of 89-25. Trading in

Chicago was equally quiet, with the market described as

PRICES OF dollar and sterling interest rate contracts weakened on Liffe yesterday, as traders continued to digest the Soviet decision to make unilat-

eral cuts in its armed forces.
The initial mood of eurhoria created by Wednesday's speech of Mr Gorbachev, the Soviet leader, at the United Nations faded, and the market took

	NG COLT FU		PTRUE		LIFFE US	TREASUR	Y BORD F	TURES 6	Thirts
Strike Price 90 92 94 96 160 162	527 335 157 48 16 4	701 510 331 211 113 38 16	Mar 3 11 33 124 256 441 642	Jun 5 14 37 115 217 362 528	Strike Proce 82 84 86 88 90 91	725 536 358 229 123 43 21	Dements 728 554 424 309 207 123 55	12 12 12 12 12 12 12 12 12 12 12 12 12 1	Jan 34 60 130 215 313 429 561
TENIOUS C	lay's open let	Calls 1	067 Puts	13176	Estimated Previous d	volume tot by's open i	M, Calls 6	6 Pets 1 947 Pets 3	839
TEFE E	Lay's open let	Calls 11	2067 Puts	13176	Previous de	zy's open i	OPTOMS	947 Pats 3	839

LONDON (LIFFE)

29-YEAR 9% NOTEMAL GALT 654,809 32mb of 190%

Estimated Volume 13901 (22006) Previous day's open Int. 31254 (33918)

Estimated Volume 0 (0) Previous day's open int. 18 (30)

THREE MONTH STEELING ESOC, OUR points of 100%

FT-SE 100 DODEX 625 per full ladex point

Estimated Volume 3145 (5065) Previous day's open let. 16829 (16716)

Estimated Volume 7249 04043) Previous day's open let. 8707 08568

Estimated Volume 3990 (6219) Previous day's open int. 9282 (8319)

POUND-S (FOREIGN EXCHAUSE)

95-01 95-19

Close High Low Pres. 107.88 107.90 107.75 107.55

86.67 86.92 87.62 88.15

90.75 90.73

TRUST

MAKING MONEY

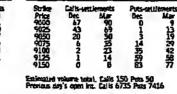
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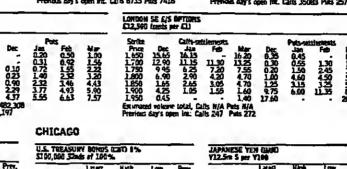
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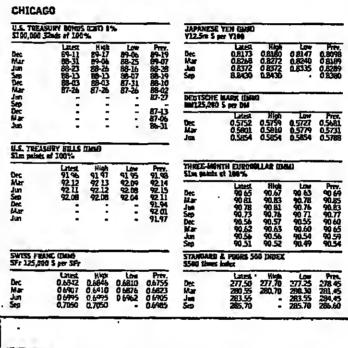
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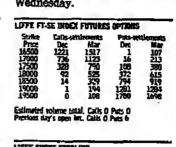




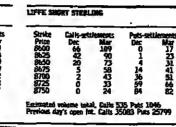


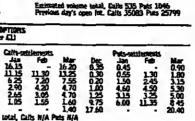
March delivery closed at the day's low of 86.92 on Liffe, compared with 87.06 previously. A denial by the UK Treasury that Mr Nigel Lawson, Chancellor of the Exchequer, had resigned came too late to lift the contract off its low.

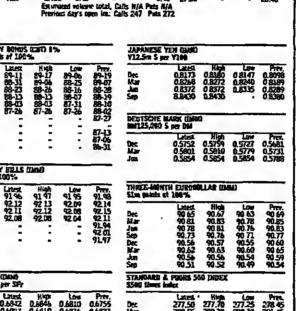
Long gilt futures opened and closed at 95-12 for March deliv-ery on Liffe, against 95-23 on

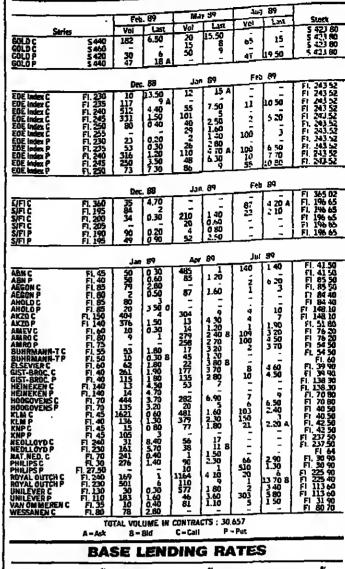












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7alwan 51 60 · 52 05 | 28 10 · 28 20 U.A.E. 681.75 · 6.8235 | 3.6725 · 3.6735 **MONEY MARKETS**

Little change INTEREST RATES showed little change on the London money market yesterday. There were no new factors and three-month interhank beld steady at 13 4-13 p.c., but one-year money rose to 13 4-13 p.c. from 13 1 12 p.c., as dealers remained nervous about the outlook for UK bank base

The Bank of England initially forecast a money market sbortage of around £550m. but

UK clearing bank base leading rate 13 per cent trom November 25

revised this to £750m at noon. Total help of £601m was pro-

Before lunch the authorities bought £348m bills outright, by way of £2m bank bills in band 2 at 12½ p.c.; £56m bank bills in band 3 at 12½ p.c.; £49m local authority bills in band 4 at 12% p.c.; and £241m bank bills in band 4 at 12% p.c.

In the afternoon the Bank of England bought another £213m bills outright, via £103m bank bills in hand 1 at 12% p.c.; £47m Treasury hills in band 3 at 12½ p.c.; £39m bank hills in band 3 at 12½ p.c.; and £24m bank bills in band 4 at 12% p.c.Late assistance of around £40m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £221m, with

Exchequer transactions absorbing £205m; a rise in the note circulation £110m; and bank balances below target

Dec 8

In New York the Federal Reserve added temporary reserves to the banking sys-tem. via \$1.5bn of customer repurchase agreements, when Federal funds were trading at

In Frankfurt call money was steady at 4.90 p.c. in quiet and calm trading. The West German Bundesbank has kept credit conditions tight, by draining DM200m from the money market at this week's securities repurchase agreement tender

Corporate tax payments will absorb money this month, and the Bundesbank is expected to set a slightly higher average minimum reserve requirement than November's DM55.2hn.

These factors will keep conditions tight, and this has led to speculation that the central bank might repeat last month's operation, when it lent funds via a four-day securities repur-

In Amsterdam the Dutch central bank accepted a total of Fl 1.3hn of hids for six-day spe-cial advances, at an unchanged 5.25 p.c.

The new facility replaces Fl 1.3bn of seven-day special advances, expiring yesterday. The new allocation was in line with expectations.

18492 1834 FT LONDON INTERBANK FIXING CLLOD a.m. Dec.80 3 months US dollars 6 months US Dollars MONEY RATES NEW YORK Treasury Bills and Bonds Two Months Sta 5.00-5.15 84-84 44-5 5.37-5.47 5.05-5.20 84-84 5.00 7.25

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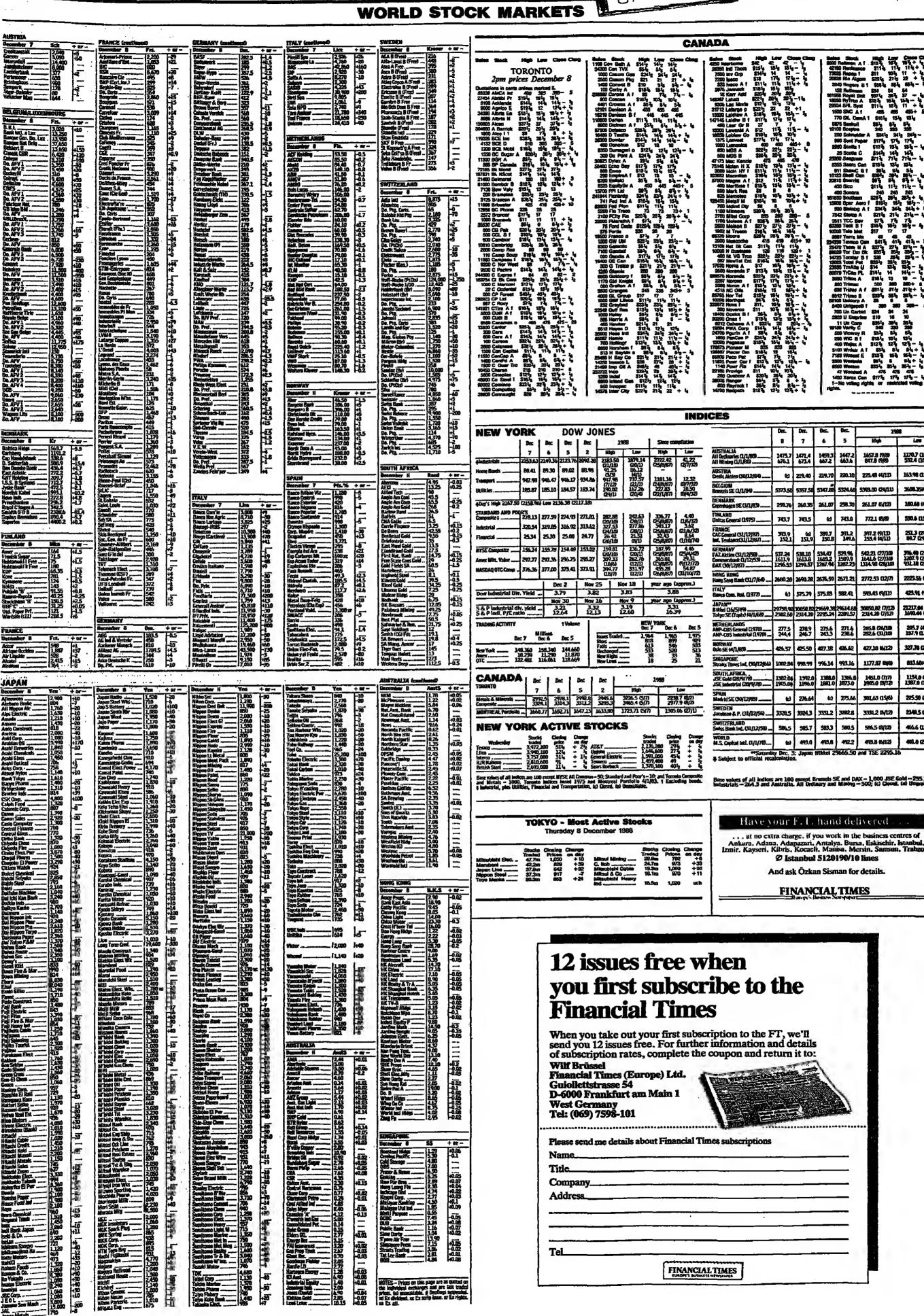
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AMEX COMPOSITE

FINANCIAL TRACE PRINTER PROPERTY

AMERICA

Dow declines as attention returns to fundamentals

Wall Street

A DULL trading session yester-day saw prices drift slightly lower as Treasury bonds and the dollar came in for some early profit-taking, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was quoted 1.07 points lower at 2,152.56. Volume hy midsession totalled only 65m shares.

All the financial markets have been mesmerised this week hy the visit to New York of Mr Mikhail Gorbachev, the Soviet leader, and by his offer of a substantial unilateral cut in Soviet conventional forces.

His visit succeeded in boost-ing the dollar, equities and bonds, but his early departure yesterday stripped the markets of this week's key distraction and traders turned back to contemplating economic fundamentals.

With no leading economic indicators due for release this week and with a key meeting of the Federal Open Market Committee next week, markets are not likely to display much

of an overall trend today. Yesterday, the dollar dipped back to trade at Y122.40 at midsession compared with an ear-lier high of Y123.55, and at DM1.7395 compared with DM1,7595 earlier. Bonds dipped in early trading by as much as % point and then recovered to stand narrowly mixed at mid-session. Short-dated maturities were quoted as much as 1/2 point lower while long-dated issues were np by around 1

The equity market had

more than 57 points. The markets will now focus once again on prospects for the dollar, inflation and interest rates. Mr Donald Straszheim, chief economist of Merrill Lynch,

delivering the company's annual economic and investment outlook, predicted that the yield on the benchmark long hond would rise to between 9.30 per cent and 9.50 per cent in the first quarter of next year before dipping back to 7 per cent late in 1989.

He forecast that consumer price inflation would rise to nearly 5.5 per cent hy mid-1989 from around 4.5 per cent now. He also predicted that the dollsr would fall to Y115 and DM1.65 by the end of 1989. Next week sees the release of

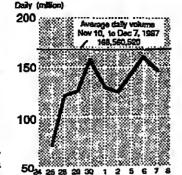
several key sets of economic figures, including retail sales and producer prices for November as well as the Octo-ber merchandise trade report. Texaco was a main talking

point for two reasons. The first was speculation that Mr Carl Icahn, who owns a 14.8 per cent stake in Texaco, could launch a takeover bid for the company in concert with an unidentified investor. Mr Icahn's comment that Texaco was undervalued did little to

dispel this speculation. Second, a newspaper report said the company was under preasure from some institutional investors to give them more say on the board. Texaco's shares, which jumped \$2% on Wednesday, added another \$1/4 to \$511/2.

Salomon Brothers added \$1/4 to \$26 in spite of the company's announcement that it would take a charge of around \$150m looked vulnerable to profit-tak-ing after the substantial rally on Monday and Tuesday of gained \$1% to \$45%. Its joint

NYSE Volume



venture with GTE - US Sprint Communications awarded 40 per cent of the federal government's FTS-2000 telecommunications contract

Nov 1988 Dec

to build a private communica-tions network to be used by the government and the milltary. GTE added \$1/2 to \$45%. American Telephone & Telegraph was awarded the other 60 per cent of the contract and added \$1/4 to \$30 on that news. Losers in the hidding were Martin Marietta, which dipped \$% to \$39%, and MCI Communications, which dropped \$% to \$22% in over-the-counter trad-

ing.
Damon surged \$1% to \$22%
Confirmed after the company confirmed that it was in negotiations with Nomad Partners about a cash acquisition of Damon hy

FEARS of higher interest rates returned in Toronto, as excite-ment over the proposed Soviet troop cuts wore off. The key Bank of Canada lending rate is expected to rise soon. The composite index fell 10.1 in early trading to 3,314.0 on

volume of 3.1m shares. Inco, which was due to held a board meeting, was up C\$1/4 at C\$391/4. On the active list, American Barrick Resources was unchanged at C\$20%, British Steel declined C\$% to C\$13%, and Nova lost C\$% to

C\$10%. Among active oils, Texaco Canada fell C3% to C341% and TransCanada PipeLines lost C\$1/4 to C\$141/4.

Switzerland heats up as winter closes in

Jacqueline Moore looks at the rise and fall in turnover in Europe last month

Bourse

Belgium

Germany

Netherlands

Switzerland

France

Spain

WITZERLAND did its into a spin the following day.

best to raise the tempera- with bearers of Nestlé and best to raise the tempera-ture as winter drew nearer last month, but November proved a numbing time for most European bourses in turnover terms. Activity tailed off in most

leading markets after a lively October, as investors nervously fixed their gaze across the Atlantic. They looked on as the US presidential election entered its final throes reacting with a brief flicker of excitement when Mr George Bush's victory became a vir-tual certainty — and they wor-ried as the dollar and US interest rates came under

increasing pressure.
Switzerland began November as it had spent the previous month: quietly. However, after the market closed on November 17, Nestle, the food company, unexpectedly announced it would allow foreigners to huy its registered shares. The news sent the market

SOUTH AFRICA

PRE-CHRISTMAS trading took hold in Johannesburg yester-day and gold shares ended little changed, with no fresh

In the gold department, Vaal Reefs and Southvaal finished steady at R125 and R273 respectively, while Freegold gave up 50 cents to B29. The bullion price was little

Mining financial Anglo American lost 25 cents to R65.50 and Rustenburg platinum was off 75 cents at R50.50. Industrials closed mixed to slightly firmer.

Gold bullion eased 10 cents to \$423.20 an ounce in London, while platinum fell \$1.50 to \$596.50. Metal markets were mainly quiet before President Reagan's press conference, due after the London close.

other companies plummeting and Nestle registered shares soaring. Trading remained very heavy for about a week, before some sense of calm was restored. This hectic episode meant Swiss turnover for the month as a whole rose 27.5 per cent above its October level to an estimated SFr19.5bn

November was a month of consolidation in Frankfurt after its FAZ and DAX indices had achieved a series of 1988 highs in October, which had also been its busiest mouth of the year. Activity in Frankfurt slumped 31.7 per cent, as huying and selling pressure slack-ened and most of the hig play-ers began to wind down for the year. The subjects of US interest rates and the dollar also encouraged or, more often, worried investors almost daily.
Some sparks of activity in
Germany followed corporate

November volume nevertheless declined 11 per cent to FFr80hn. Activity focused on special situation stocks such as steel pipe producer Vallourec, privatised hanking groups Societé Genérale and CCF and car components maker Epeda. Another country where turnnews, such as car maker Daimover went into decline was

ler's acquisition of a stake in

aerospace group MBB. Company news and specula

tion also kept Paris alive, but

48.6 80.0

55.9

340.9

15,289.0

cent drop. This too followed an extremely husy October, when volume surged 64 per cent as the sbolition of the secret vote made its way through parliament. Fiat provided much of the interest at the beginning of the month it announced plans to Isunch sponsored American depositary receipts on the New York Stock Exchange, while towards the end its mansging director

EUROPEAN EQUITIES TURNOVER

Monthly total in local currencies (bn)

90.0

81.9

401.1

15.3

18,572.0

74.1 78.0

8.8 323.4

Volumes represent purchases and sales. Swise data estimated. Italian data adjusted to include off-market trading. Source: County NatWest WoodMac

Italy, which suffered a 17.6 per

12.5

11,476.0

11.8

resigned unexpectedly. Spanish turnover was well below its average for the first half of the year, falling 15 per cent to Pta 340.9bn. Investors held back as a large number of rights issues, such as that by investment company Torras Hostench, and convertible bonds, such as electric utility Iberduero's, were announced or began to take place. This put a strain on the supply of funds, said one analyst.

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EUROPE

Corporate news enlivens dull day

ity in a generally quiet Europe. Spain and Italy were closed, writes Our Markets Staff. PARIS saw the return of spe-

cial situation trading, with pri-vatised issues, defence-linked stocks and laggards all stand-ing out in a mainly thin day. Société Générale rose to a high for the year of FFr600, up FFr10, after Finance Minister Pierre Beregovoy said the Government planned legislation to end certain commitments attached to hard core shareholders in privatised compa-nies. CCF also benefited, adding FFr4.90 to FFr178.90, but other such stocks were

largely unaffected. The focus on European defence ventures gave SFIM another FF13S to FF11,480, while Avions Marcel Dassault put on FFr24 to FFr658. Thomson-CSF benefited from news that it was chosen to develop radar for France's Rafale fighter plane, and rose FFr4.80 to FFr209.80.

In lagging stocks, Ciments Français rose FFr25 to FFr1,110, helping Lafarge Coppee up FFr27 to FFr1,355. The CAC General index rose

exchange markets on Wednesday, and shares closed flat in quieter trading. The dollar's failure to pursue its sharp gains of late Wednesday, which were based on the news of the cuts in Soviet forces, left the market feeling it had overdone things somewhat.

The FAZ index at midsession was 0.86 lower at 537.24 and the DAX closed just 3.04 easier at 1,296.53, its lowest point of the session. Turnover was a little

lower at DM3.16bn.
Some steel, engineering and construction stocks continued to make good ground, with Hoesch up DM1 at DM180 on speculation it will report good earnings this year, and Klock-ner-Werke rising DM2.90 to DM115.70 after forecasting a trading profit this year of well over DM100m.

MAN gained DM3.50 to DM239. But Metallgesellschaft was down DM6 at DM353 before announcing it would probably see a 50 per cent rise in profits to DM150m. AMSTERDAM also ran into

the sand as the dollar eased

ECONOMIC and corporate news produced hursts of activity in a generally quiet Europe.

Spain and Italy were closed.

Spain and Italy were closed.

A2 to 393.9 and the OMF 50 pnt on 0.68 to 409.81.

FRANKFURT lost steam to keep individual sectors after the excitement on foreign alive. The CBS all-share index was 0.8 down at 100.6 in fairly active turnover of F1 556m. Philips shed 20 cents to Fl 30.90 after announcing an unchanged 60-cent interim div-

idend, as expected. Insurer Aegon reported a better-than-expected 12.8 per cent rise in nine-month profits and added 20 cents to FI 85.50. Paper group KNP fell FI 1.30 to FI 42.50 after announcing plans

for a share placing to help finance its purchase of 48 per cent of Leykam, an Austrian paper company.

Brewer Heineken lost Fl 3 to
Fl 138.30 and Bols dropped Fl 2 to Fl 146 on news of a joint venture in wines and spirits in

Benelux. There had been press speculation about a possible for Bols from Heinsken. OSLO was cautiously interested in reports that the Gov-ernment might announce the scrapping of the share turnover tax in its budget revision today. Together with easier domestic interest rates, this sparked a 1.91 rise in the all-share index to 311.35 in trading

of NKr82.8m.

and the Credit Suisse index ended unchanged at 512.9. The index of registered shares added 2.6 to 1,138.8, the bearers index rose 0.6 to 847.5 and the index for participation certifi-cates fell 1.1 to 779.1.

Jacobs Suchard forecast substantially higher profits this year and saw its bearers rise SFr25 to SFr6,900. Nestle bearers eased SFr35 to SFr6,860 and its registered stock rose SFr10

MADRID has the first opportunity to react to news of higher interest rates when it reopens today after yesterday's national holiday. The interven-tion rate was raised to 12.2 per cent from 11.375 per cent after the close on Wednesday.

"The market is always very interest rate sensitive and the combined effect of this actual rise, the prospects of a further increase next month, and labour unrest will no doubt push the market downwards," said brokers James Capel. BRUSSELS saw further oscil-

lation in Fabrique Nationale and Gechem, with the former falling BFr22 to BFr776 and the latter BFr90 to BFr860 after Wednesday's gains.

Profit-taking drives Nikkei lower resources sector. Turnover with 42.2m shares, rising Y39 to Y829. Toyo Menka, Japan's One Japanese broker even remained thin at about A\$120m

Tokyo

PRECARIOUSLY high prices triggered a round of profit-taking that saw share prices shed much of their gains of the previous day, writes Michigo Nakamoto in Tokyo. The Nikkei dropped 291.92

points to 29,758.90 after the previous day's surge through the 30,000 mark, when it gained 381.44 points to 30,050.82. Most of Wednesday's rise had come in the last hour, however, when several foreign hrokers flooded the equities market with huy orders to settle their December futures contracts which closed that day.

The index rose yesterday to a high of 30,0025.99 and dived to a low of 29,747.55 during the day. Volume eased to 951m shares compared with the 1.04hn traded on Wednesday.

The Topix index of all listed shares dropped 11.6 to 3,302.6, while in London, the ISE/Nikkei 50 index picked up 1.96 to "Everybody was expecting this correction," said a trader at UBS Phillips & Drew International. The fall was seen by analysts as a natural and even healthy response to what was

considered an unnatural surge the previous day. If Wednesday's rise had come earlier in the day, the correction would have happened before the close, reduc ing the day's gains, said Mr Norio Watanahe at Credit Suisse Investment Advisory Board. As it was, most of the gain came so suddenly and so

near the close that investors

expressed outrage at Wednesday's arbitraging by foreigners, saying that "to carry out such an operation that can upset the whole market price mechanism for the sake of a few hundred million yen in profits is totally against Japanese common sense." Others thought the event gave the Japanese a good opportunity to learn more about how the futures market

can be used, but in any case most agreed that the fall yes-terday brought share prices down to more realistic levels. The loss was therefore not considered to reflect poor sentiment. The yen's weakness against the dollar could have had a dampening influence, hot even that was not completely negative as it did not stop soms electricals from gaining ground. Mitsnbishi Electric, which topped the most actives list for the second day in a row with 47.7m shares, rose Y10 to Y1,050. Toshiha also added Y10 to Y1,010. Elec-

tricals have attracted interest recently as market underper-Interest in trading houses was sparked once again hy news that the Soviet Union would reduce its troops by

500,000. The announcement gave rise to expectations that the Soviets would accelerate their economic build-np, leading to greater business oppor-tunities for Japan's trading Marubeni, which has considerable experience in trade with

seventh largest general trading house, gained Y24 to Y663 in heavy trading. C Itoh was also actively traded and climbed up Y33 to Y973 and Mitsui and Co advanced Y11 to Y970.

There has been talk of increased trade with the Soviet Union for some time and although Mr Gorbachev's announcement helped to redirect interest to trading companies, the main force hehind their strength seems rather to have been that they are among those issues that have been lagging the market and to which investor interest has

shifted recently.

Japan Line, the shipping company, drew demand as a low-priced issue. It was third on the most actives list at 37.9m shares and advanced Y32 to Y642. Incentive-backed issues led

trading in Osaka, where the OSE average rose 43.78 to 27.986.98. Volume slipped to 76.4m shares from 88.8m traded on Tuesday. Maruheni was heavily traded and rose Y19 to

Roundup

IT WAS a mixed day in Asia Pacific markets, with little overt reaction either to the gains on Wall Street on Wednesday or to Tokyo's steep

fall yesterday.

AUSTRALIA managed small gains for a third day in spite of

worth of shares and the All Ordinaries index gained 4.3 to 1.475.7. BHP led gains with a 12-cent

rise to A\$6.90 on solid buying support, and banks were also strong, with Westpac 8 cents hetter at A\$5.70. However, News Corp lost 24 cents to A39.66.

Brokers BZW Meares said support emerged at every sign of weakness in a patchy ses-

sion.

HONG KONG ran into profit taking, with the 2,700 level proving a key resistance point on the Hang Seng index. The index ended 10.08 lower

at 2,680.20 in lower volume of HK\$750m compared with Wednesday's HK\$1.1hn. Utilities performed well in reaction to the Hongkong Telecom share placement, with rumours that it had been sob-

scribed between 5 and 10 times HK Telecom rose 5 cents to Cheung Kong was the most active stock with 8.11m shares traded, falling 10 cents to HK\$8.05 in profit-taking after

its buoyancy earlier in the SINGAPORE saw another day of slight gains as retail investors moved in to pick up hargains after recent weakness. Turnover improved to 20m shares from Wednesday's 15.5m and the Straits Times industrial index crept back through the 1,000 level, adding

3.85 to 1.002.84. Buying interest focused on Malaysian stocks.

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the Soviet Union, was the secsome overseas selling in the FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS		WEDNES	DAY DECEM	BER 7 1988		TUESDAY DECEMBER 6 1988			BOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx
Australia (90). Austria (18). 8elgium (63). Canada (125). Denmark (39). Finland (26). France (130). West Germany (102). Hong Kong (46). Ireland (18). Italy (98). Japan (456). Mexico (13). Netherland (36). New Zealand (25). Norway (25). Singapore (26). South Africa (60). Spain (42). Sweden (35). Sweden (35). Sweden (35). Switzerland (57). United Kingdom (317).	156.67 136.81 109.50 86,78 111,44 131.01	14.4.8.8.6.6.6.0.9.2.2.5.5.1.1.8.9.7.3.1.4.2.7.2.2.4.1.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.7.2.2.4.4.2.4.4.2.2.2.2	116.57 78.19 105.69 98.09 126.24 110.23 89.80 105.56 67.45 153.01 112.91 138.39 88.33 54.31 102.85 96.11 99.61 113.72 62.79 109.67 91.21	111.42 88.17 120.01 105.78 144.21 118.01 103.23 79.41 111.57 121.20 428.91 99.32 55.50 113.40 106.96 101.01 127.13 71.50 109.67	4,90 2,79 4,25 3,38 2,10 1,42 3,235 4,62 4,15 2,49 7,11 2,54 4,60 3,19 4,86 3,19 4,86 3,19 4,86 3,19 4,86 3,19 4,86 3,19 4,86 4,86 4,86 4,86 4,86 4,86 4,86 4,86	146.15 98.41 133.57 122.73 159.19 137.58 110.64 87.57 111.23 132.64 84.95 190.92 140.01 169.96 110.56 68.70 129.91 118.92 126.28 148.94 142.90 79.25 137.80	116.15 78.21 106.15 97.53 126.51 109.34 87.93 69.60 88.40 105.41 151.73 111.27 131.27 103.24 94.51 103.36 118.37 113.57 62.99 109.51	110.18 88.31 119.90 105.66 144.25 117.49 102.65 78.38 111.30 120.65 78.38 111.30 124.49 98.27 55.61 113.42 106.42 106.42 106.42 106.42 106.42 106.98 71.37 109.51 113.03	152.31 100.00 139.89 128.91 159.19 139.83 112.05 88.21 111.86 144.25 84.05 132.24 111.00 84.05 132.23 135.89 139.07 164.47 142.90 86.75 141.51	91.16 83.72 99.14 107.06 111.42 106.78 84.90 104.00 62.99 133.61 107.83 99.23 64.42 98.25 97.99 98.26 130.73 95.23 120.66	93.35 91.22 96.44 105.81 112.52 79.37 76.77 97.67 97.73 91.65 77.38 98.74 84.20 137.75 117.75 117.75 117.70 120.31
Europe (1008). Pacific Basin (679) Euro-Pacific (1687) North America (702) Europe Ex. UK (691) World Ex. Japan (223) World Ex. US (1885) World Ex. UK (2145) World Ex. So, Af. (2402) World Ex. Japan (2006)	113,49 184,81 156,26 113,64 99,24 124,10 154,74 139,05 138,87 114,17	-1.2 -0.5 -0.7 +0.1 -1.2 -0.6 -0.7 -0.4 -0.5 -0.4	91.44 148.91 125.90 91.57 79.96 100.00 124.68 112.04 111.89 91.99	98,40 144,93 126,49 112,76 91,61 105,40 125,68 122,66 121,55 107,41	3.81 0.73 1.64 3.59 2.97 4.76 1.71 2.04 2.27 3.73	114.87 185.81 157.42 113.54 100.43 124.86 155.90 139.61 139.52 114.66	91.29 147.67 125.10 90.23 79.82 99.24 123.90 110.96 110.88 91.12	98.06 143.77 125.65 112.59 91.16 104.63 124.86 122.00 120.94 107.14	116.61 185.81 158.08 116.07 101.29 128.27 156.39 139.61 139.52 115.54	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00	96.56 135.65 120.04 97.61 81.82 85.44 119.74 110.68 110.81 97.18

Base values: Oec 31, 1986 - 100; Finland: Dec 31, 1987 = 115.037 (US S Index), 90.791 (Found Sterling) and 94.94 (Local), Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987 Latest prices were unavailable for this edition.